FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,780 — Friday February 2 1979 — ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Smith vows to stay in politics

Rhodesian Prime Minister Ian Smith intends to stay in politics until his country is granted international recognition.

The Premier said he reached the decision to see the Rhodesian crisis through to a successful conclusion during the referendum campaign for limited majority rule.

The decision to offer himself as one of the five white ministers in the country's coalition government is in direct contradiction to the forecast made this week in London by the Rev. Ndabaningi Sithole. He said Mr. Smith would retire at the April elections. Page 4 and Parliament Page 10

Bombing appeal

Police investigating the London car bombings have appealed for information about an Irishman named Gerry and his Ford Cortina car. The anti-terrorist squad discovered the car in Braintree, Essex. They found traces of explosives inside, and are satisfied that it was used by the bombers.

Immigrant probe

The Home Secretary and the Indian High Commission in London are investigating reports that Indian women are subjected to virginity checks at Heathrow Airport before they can join their fiances. The Home Office says the checks help immigration officers to spot illegal immigrants.

Premier sought

President Sandro Pertini of Italy started two days of consultations to try to find a Prime Minister to replace Sig. Giulio Andreotti, who resigned two days ago. Page 2

Murder charge

Two soldiers are to be charged with murdering a 15-year-old youth in Ulster last summer. John Boyle was shot dead as he approached an arms cache near his home in County Antrim.

Security move

Israeli security forces bricked up doors and windows of two houses in Jerusalem's Arab section, believed to have been used by Arab guerrillas detained last week.

Hearst freed

Newspaper heiress Patricia Hearst was released from prison after serving 22 months of a seven-year sentence for armed bank robbery. She is to marry former policeman Bernard Shaw, who was her bodyguard while she awaited trial.

'Colonel' ruling

Five Law Lords have ruled that the naming of secrets case witness "Colonel B" by Peace News, The Leveller and the National Union of Journalists was not contempt of court.

Editor shot

Gunmen in Istanbul shot dead Mr. Abdi Ipekçi, one of Turkey's most prominent journalists, and editor of Milliyet, the Liberal daily.

Briefly . . .

Armed gang led by a bogus postman tied up the staff of a London cleaning company and escaped with about £2,400, after ambushing security guards.

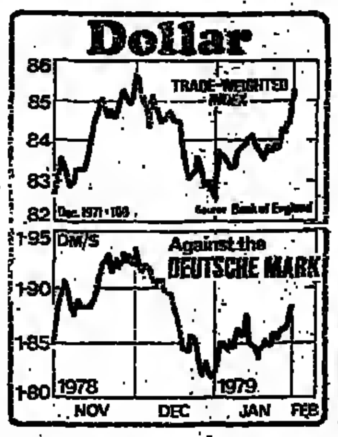
Police are investigating a fire which caused £20,000 damage to a Stoke-on-Trent pottery.

England beat Australia by 205 runs at Adelaide in the Fifth Test.

BUSINESS

$ rises sharply; gilts fall further

● DOLLAR made further gains in foreign exchange markets, continuing its revival over the last 10 days. This mainly reflected growing confidence in the U.S. economy, helped by reassuring comments from the U.S. Treasury Secretary about the trade deficit. The dollar rose



to DM 1.8830 (DM 1.8720) and Y202.70 (Y202.30), a peak against the Yen since July. The dollar's depreciation narrowed to 7.5 (7.8) per cent. STERLING closed 90 points lower at $1.9810 in London. Its trade-weighted index falling to 63.4 (63.5).

● GILTS fell further on growing conviction of a rise in the Minimum Lending Rate, longs again suffering heavier losses of up to ⅝ and shorts falling by ½. The Government Securities index fell 0.23 to 66.04.

● EQUITIES again drifted in spite of uneasiness on labour conditions, the FT ordinary share index rising 0.5 to 468.5.

● GOLD fell $2½ to $229¾ after fairly active trading in London.

● TIN rose £27.5 a tonne to £7,180 in London following a rise in the Penang market overnight.

● WALL STREET was 1.21 down at 838.01 near the close.

● GEC-FAIRCHILD, the newly-formed semiconductor manufacturing company, is to build a £17m factory at Neston, Cheshire, with the help of Government aid and create 1,000 jobs. Plessey Telecommunications is seeking a 20 per cent price rise from the Post Office on current orders for telephone exchanges to help cushion redundancies at its Edge Lane plant in Liverpool. Back and Page 6

● RETAIL SHOPS sales rose 13 per cent to almost £39bn in 1977, according to Government provisional figures. Large multiple stores had the fastest growth and accounted for 52 per cent of total sales. Page 7

● PROPERTY SHARE prospects look buoyant and companies are set for substantial increases in pre-tax profits in the next few years, according to two brokers' reports. Page 24

● CORPORATE SECTOR profitability has been partly restored in the last three years and the recovery should continue until the end of this year, according to stockbrokers Wood, Mackenzie and Company. Page 7

COMPANIES

● TRUST HOUSES FORTE taxable profits rose 46 per cent to a record £55.55m in the year to October 31, with turnover increasing 16 per cent to £613.8m. Page 18 and Lex

● CALEDONIAN HOLDINGS the industrial companies group sold by Stenhouse Holdings last month, is considering two bid opproaches—just 24 hours after dealings in its shares began. Page 19

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		
Aero. and Gen.	130	+ 12
Allied Colloids	91	+ 6
Avana	88½	+ 5½
Baker Perkins	165	+ 15
Blue Circle	267	+ 6
Bolton Textile	24	+ 3½
Brown and Jackson	280	+ 15
Caledonian	83	+ 11
Chaddesley Inv.	73	+ 6
Dykes (J.)	59	+ 5
English Property	44½	+ 2
Eurotherm	240	+ 7
Haslemere Ests. 'New'	31pm	+ 3
Hill Samuel	87	+ 5
I.O.Man Steam Pckt.	250	+ 12
Kitchen Taylor	113	+ 9
NatWest	295	+ 7
Northern Goldsmith	88	+ 6
Parkland Textile	74	+ 4
Redland	171	+ 5
Smith (W. H.) "A"	141	+ 7
Sotheby P. B.	393	+ 16
Tarmac	172	+ 7
Trafalgar House	86	+ 6½
Unilever	538	+ 10
Whessoe	99	+ 5
Yarrow	337	+ 20
Bertam	125	+ 8
Hongkong (Selngr.)	280	+ 15
Roschaugh	90	+ 5
Mount Lyell	74	+ 9
RTZ	280	+ 7
Roan Cons. Minea	93	+ 10
South African Land	77	+ 5
Southvaal	485	+ 14
Vlakfontein	56	+ 7½
FALLS		
Treasry 12½% '03-05	£90⅝	− ½
Dufay Bitumastic	44	− 5
Glanfield Lawrence	50	− 3
Lond. Midland Inds.	98	− 5

Hospital picketing code 'widely disobeyed'

Government stands firm on 8.8% for manual workers

BY ALAN PIKE AND RICHARD EVANS

The Government last night refused to yield any ground to local authority employers in their search for a more flexible formula to settle the manual workers' pay dispute.

Ministers would be deeply concerned if, instead of settling on an 8.8 per cent formula acceptable to the Government, the local authorities unilaterally made a higher offer and financed it themselves out of the rates.

Over the parallel health service strikes, both the Prime Minister and Mr. David Ennals, Social Services Secretary, came under fire in the Commons from Conservatives for failing to take adequate action to maintain essential hospital services. An emergency debate is likely to be forced by the Opposition next Monday.

The Government's hope is that there will be an improvement over the weekend, but Ministers are not very hopeful after Mr. Ennals admitted yesterday that the advice of trade union leaders on the degree of picketing and industrial action was being widely disobeyed.

Mr. Ennals said the industrial action was now causing a serious disruption at hospitals and, while the unions involved had stressed their members should maintain emergency and essential service, in some cases local action had gone far beyond the level approved by the unions.

At talks last night on the manual workers' dispute Mr. Peter Shore, Environment Secretary, and other Ministers, told representatives of the local authority negotiators that settlement of the dispute must be basis of current policy and cash limits following the Prime Minister's announcement on under-pinning to assist the low paid."

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achieved within an 8.8 per cent formula.

The Ministers gave a strong warning that if the local authorities negotiated an unacceptable deal, there would be no question of the Government varying cash limits to help finance it.

Local authority employers are now faced with the prospect of having to make an offer which they decided on Tuesday the unions are unlikely to accept.

The Department of the Environment said afterwards that the Government re-affirmed that it expected negotiators to proceed "as quickly as possible on the

This refers to a Government decision that workers earning below £70 per week can have a £3.50 alternative to the 5 per cent of its original policy.

This would make the local authority offer worth about 7 per cent and the employers are satisfied that they could get it up to 8.8 per cent without losing Government approval.

In the Commons, Mrs. Margaret Thatcher, Conservative leader, led demands for volunteers to be called in to help keep essential health services going, but the proposal to launch a national appeal was predictably rejected.

● A suggestion that the Government is shortly to introduce an emergency Budget was denied by Mr. Callaghan in the Commons. A Scottish Nationalist MP suggested that an emergency Budget was inevitable in the next two or three weeks, but Mr. Callaghan told him: "You should not assume anything of the sort."

TUC to review closed shop

By Christian Tyler, Labour Editor

MINISTERS HAVE asked the TUC to consider what scope there is for voluntary introduction of secret ballots before strike decisions are taken, and how the operation of the closed shop might be made more acceptable to public opinion.

Both these controversial subjects—raised by Mrs. Margaret Thatcher, the Conservative leader, during the recent industrial trouble—are on the agenda of TUC talks with Ministers aimed at securing a new economic and industrial relations agreement.

Mr. Albert Booth, Employment Secretary, Mr. Merlyn Rees, Home Secretary and Mr. Eric Varley, Industry Secretary, met the TUC employment policy and organisation committee again yesterday to build up the industrial relations part of the agreement that the Prime Minister wants to see signed in less than a month.

A TUC statement after yesterday's meeting said: "There was broad agreement that it would be helpful if the TUC would give clear guidance to affiliated unions on negotiating arrangements and disputes procedures, on the conduct of industrial disputes (including methods of calling and ending strikes, and picketing) and on trade union organisation and the closed shop."

Agreement

On the closed shop, Ministers are believed to have suggested that unions should themselves pay financial compensation to workers who are dismissed from their jobs for not belonging to unions party to a closed shop agreement.

More immediately, some agreement on the scope of picketing now looks likely, building on the consultative document already issued and the instructions put out by the transport workers union in the lorry drivers' strike. This is likely to say that picketing should be confined to the company in dispute, and the companies that supply it.

Union leaders are also ready to discuss ways of making it possible for some groups of workers—notably those who run the emergency services—not to have recourse to the strike weapon.

This would mean some formula—perhaps indexation of their wages against those of other groups—which would take time to work out.

Flaws in labour legislation P. 16

STINGING ATTACKS ON U.S.

Ayatollah is welcomed by millions

BY SIMON HENDERSON AND ANDREW WHITLEY IN TEHRAN

THE Ayatollah Khomeini, victor of the struggle to oust the Shah of Iran, returned home from exile yesterday to a rapturous welcome as the Government of Dr. Shapur Bakhtiar looked on ineffectively.

Millions lined the streets of Tehran as the Ayatollah flew in on a charter flight from Paris to step foot in his native country for the first time in 14 years, and immediately launched a stinging attack on Dr. Bakhtiar's Government and on the U.S.

The Ayatollah's arrival effectively establishes two governments in Iran, each with its own forces, and brings to a head the crisis which has torn apart the world's second largest oil exporter for the past year.

Unless the Ayatollah and Dr. Bakhtiar's Government are prepared to make major compromises, the resolution to the crisis threatens to be both speedy and bloody.

Tired

At the capital's main cemetery, where he paid his respects to the supporters of his movement who died in the recent troubles, the Ayatollah appealed to the army to support him. He urged them to follow the example of the air force, where some units have already declared their support for the Shi'ite Moslem leader.

In one of several stinging attacks against the influence of the U.S., the Ayatollah accused both the U.S. and Britain of having persuaded the Iranian army to keep Dr. Bakhtiar in power.

The 78-year-old religious leader who looked tired after the flight, announced that he would be forming his own Government and said that Dr. Bakhtiar's administration had the support only of hooligans. The present Government, which was illegal because it was formed by the Shah, under the present constitution, had to go, he said.

Strength

The army yesterday kept well out of sight giving the Ayatollah's supporters a free rein.

The motorcade of religious dignitaries, journalists and supporters had to negotiate its way for several miles through a massive crowd. The going became so difficult that the Ayatollah had to be flown to the cemetery by air force helicopter.

Dr. Bakhtiar, who has been forced to allow the Ayatollah to return by the growing tide of violence during demonstrations backing the religious leader, has warned that there could be only one central government.

A show of strength by columns of troops in Tehran on Wednesday reinforced the message and underlined the fact that the army remains deeply opposed to the religious movement.

The timing of any final confrontation is not clear and martial law restrictions on demonstrations has already been lifted until tonight.

There now seems little room for compromise, if any. In a short speech at the airport, the Ayatollah appealed for unity to cast out the remaining roots of the old order.

Dr. Ibrahim Yazdi, one of his senior aides said yesterday that there was absolutely no doubt

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that an Islamic republic would be formed.

If the army and Dr. Bakhtiar were wise enough, he said: they would submit and resign. The current regime would be replaced by a provisional Government and elections to ratify a new constitution would be held. The Ayatollah's only role would be as a 'general guide.'

The Ayatollah hammered foreign influence in both his speeches, saying that it was keeping the army from accepting him. Dr. Bakhtiar was a puppet of the U.S.

In a reference which bodes ill for Washington's major military and economic commitments, he said Iran did not want an army trained by Americans and carrying out the orders of American advisers.

The future of the U.S. bases in Iran—mostly intelligence-gathering posts on the Soviet border—seems bleak. So do the contracts to sell weapons worth more than $1bn. The Ayatollah complained that the U.S. had established its own bases in Iran and was selling the country only sophisticated weapons which served the interest of Washington.

£ in New York

—	Jan. 31	Previous
Spot	$1.9865-9875	$1.9960-9970
1 month	0.48-0.43 dis	0.42-0.38 dis
3 months	1.55-1.50 dis	1.31-1.26 dis
12 months	4.80-4.60 dis	4.25-4.05 dis

Dublin to launch political initiative on Ulster

BY STEWART DALBY IN DUBLIN

THE IRISH Government is ready to launch a new initiative to try to break the political stalemate in Ulster.

The move will start when Mr. Michael O'Kennedy, Irish Foreign Minister, meets Mr. Roy Mason, Northern Ireland Secretary, in London within the next two weeks. However, Mr. Jack Lynch, Irish Prime Minister, is personally behind the new initiative.

What the Irish Government seeks is an agreement from Britain to consider the formation of "agreed structures" to solve the problems of the north. Eventually this would involve a Council of Ireland with representatives from the British and Irish Governments as well as from the Catholic and Protestant communities in Ulster.

Meanwhile, the two Governments could co-operate on drainage schemes in the border areas, arrange closer ties on cross-border security, possibly establish an all-Ireland court to handle complex extradition cases, and introduce an all-Ireland "green" pound. While Irish Ministers do not expect solid achievements in the short term, they would like to see some progress towards these goals within the next year.

The Irish Government has refrained from making major overtures to the British Government in the past 12 months because of Mr. Callaghan's minority position at Westminster. It is realised in Dublin that, with less violence recently in the north, Ulster has not ranked as the British Government's main priority.

The Irish Government has decided to act now, however, rather than wait for the outcome of a British General Election, and for three reasons:

1 The Irish Government is worried about the increased strength of Unionists at Westminster and the electoral pacts they might make with the Labour Government.

2 The collapse of Mr. Mason's plan for a restoration of local government on a power-sharing basis, it is felt, could mean that for the foreseeable future Northern Ireland would continue to have no form of government between the Northern Ireland Secretary and the virtually impotent 26 district councils.

3—The Irish Government agrees with the security forces and police in Ulster that the Provisional IRA is now much better organised militarily and more sophisticated politically. It is widely accepted that, given the existing criminal codes of the two countries, the security forces have probably reduced activities of the Provisionals as much as possible but not sufficiently to prevent their mounting a sustained bombing campaign

Ministry criticised over ship aid

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT came under criticism yesterday for failing to ensure that funds used to subsidise orders for Britain's shipyards were linked with measures to rationalise the industry.

Sir Douglas Henley, the Auditor General, says in a report to Parliament that the Department of Industry has failed to apply its own criteria for selective aid aimed at producing a more efficient industry.

The aid involved is the Government's shipbuilding intervention fund, set at £65m last year and £85m this year. It is used to reduce the contract price in any deal by up to 30 per cent.

Department of Industry officials argued in their defence that strategic use of the funds was impossible before British Shipbuilders produced its first corporate plan, which is now with Government.

There is particular criticism in the report of last year's £115m deal between British Shipbuilders and Poland, which Sir Douglas suggests could still bring a loss to the corporation on top of the £28m intervention fund subsidy provided.

The report publishes official financial details of this deal for the first time.

It led to British Shipbuilders' raising a $65m Eurodollar loan at 9 per cent to finance the part of the reduced contract price not covered by a conventional Export Credit Guarantee Department-backed loan of 70 per cent of the contract price.

British Shipbuilders informed the department in December 1977 that this package would not produce a loss on the contract, but three months later this forecast had been changed to "a significant overall loss on the contract," without offsetting income from the financing arrangements.

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FEATURES

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Fresh dispute likely over EEC steel code

BY GILES MERRITT IN BRUSSELS

THE EEC's Council of Ministers is to be asked to approve a code governing national aids to European steel producers when it meets on March 6. Although the draft regulations have been softened by the European Commission in response to strong British and Italian objections, the code is, nevertheless, expected to trigger fresh confrontation between member Governments.

Under the new regulations strict limits would be placed on specific aids to the steel industry. In an effort to make the plan more acceptable to EEC countries with nationalised or semi-state industries, difficulties the Commission has dropped from its original proposals the question of governmental finance for public undertakings.

Instead, the Commission is suggesting that it should be empowered by the Council of Ministers to police member states' steel aids. The competition directorate of the Commission would decide whether such non-specific aids as regional grants constituted an unfair national aid and would examine member government's financial arrangements with steel producers to see whether EEC competition rules were being infringed.

In addition to the proposed code, the Commission plans to fall back on the terms of Articles 92 and 93 of the Treaty of Rome, which govern national aids and provide for offending governments to be taken before the European Court of Justice.

The move to control national support for steel producers dates from May last year and was given fresh impetus by Bonn in November. The West Germans threatened to block the extension into 1979 of the Community's steel industry crisis plan for limiting production and maintaining prices unless the steel aids code was implemented. A Council of Ministers meeting in December resulted in an uneasy truce and it was decided that a compromise should be found before April 1 this year.

The Commission is hoping that the exclusion from the proposals of regional aid and financial support for public undertakings will overcome the objections that have been made by Britain and Italy and, to a lesser extent, by France and Belgium.

But no contacts on the revised code have taken place between the Commission and member Governments since the December meeting. It is, therefore, being suggested in Brussels that a number of Governments will object to a mandate being given to the Commission to decide which steel aids are acceptable.

A sunburned Pope John Paul on his departure from Mexico.

Pope's visit to Poland approved

By Christopher Bobinski in Warsaw

THE POLISH AUTHORITIES appear to have overcome their initial reluctance to the proposed visit to Poland of Pope John Paul II and have prepared a detailed programme for the trip. According to informed Polish Catholics, the Polish-born Pope will arrive in Warsaw on May 11 and hold an open-air mass near Warsaw Cathedral.

The tour, which will certainly be popular with the largely Catholic Polish people, also includes visits to Czestochowa, Poland's national shrine, and to Krakow for the 900th anniversary of the martyrdom of Saint Stanislaus.

Neither the church nor state authorities will officially confirm the details but the disclosures come after a four-hour meeting last Wednesday between Mr. Edward Gierek, the Polish party leader, and Cardinal Stefan Wyszynski, the Polish Primate.

It is significant that Archbishop Francis Macharski, the Pope's successor as head of the diocese of Krakow, said at his inauguration which came after the meeting: "We are convinced that the Pope will be with us at the celebrations this May."

An official announcement on the visit, which would be the first of its kind to a Communist country, can be expected soon now that the Pope has returned from his Mexican trip.

Presumably the Polish Primate will want to report on his talk with Mr. Gierek to a bishops' conference which is to meet here next week.

AP adds from Nassau: Pope John Paul, who stopped here briefly on his way home, sent a message to President Fidel Castro of Cuba while the papal airliner flew through Cuban airspace.

"Crossing Cuban airspace on my return from the pastoral voyage to Mexico I am glad to send your excellency a cordial greeting accompanied by my most fervent wishes for prosperity for this beloved nation whose noble virtues I most sincerely appreciate."

W. Germany blames UK for Tornado production delay

BY JONATHAN CARR IN BONN

WEST GERMANY has put back the date on which it plans to start equipping the Luftwaffe with the Tornado multi role combat aircraft (MRCA) because of production delays, chiefly by the British partner on the project. The new date is January 1982—eight months later than anticipated.

A Defence Ministry statement said the Tornado programme, being carried out jointly by West Germany, Britain and Italy, was having production problems "in particular in the industry of one partner country." An official confirmed it was Britain.

The statement said delivery schedules had constantly had to be revised and even now were uncertain. Steps had been taken to prevent further delay—but should they not prove effective then an increase in costs was inevitable.

Joint development of the MRCA began a decade ago, with the Luftwaffe planning to take more than 300 of the planes to replace the Starfighter. Production is shared by the three countries so that delays in one can affect schedules in the others.

Quite apart from the current production difficulties, the Defence Ministry also noted that there have been problems with the MRCA engine, which has been designed by Rolls-Royce and built by Turbo-Union, a British-German-Italian concern.

The Ministry comments that such problems were to be expected since the engine broke new ground in research and technology. However, they had led to extension by one year of the period assigned for development, bringing additional costs of DM 750m of which West Germany's share was DM 325m.

Meanwhile it has also been revealed that the Franco-German military Alpha jet is having problems with its Larzac 04 engine. The Defence Ministry confirmed that acceleration was unsatisfactory under certain conditions —but it was sure that the problem could be sorted out.

Michael Donne, Aerospace Correspondent, writes: It is admitted in the UK that the Tornado programme is several months late, because of production delays and engine development difficulties.

But it is also pointed out that these problems are not new—they emerged last year, and considerable efforts have been made to overcome them.

Europe's unclubbable steelmakers

BY ROY HODSON

EUROFER HAS been described since its inception two years ago as the "club" of the EEC steelmakers. That overstates the case. A club is, by definition a gathering of people or organisations with a common interest. Whereas the European steelmakers have not, so far, found it easy to behave as a united industry rather than as a number of disparate companies with widely differing interests and objectives.

The membership of Eurofer ranges from the great state-owned steel producers, Italsider and the British Steel Corporation, to small specialist companies privately owned and making their entrepreneurial way in the world.

Small wonder then that the membership has found it difficult to follow a coherent set of rules designed to mesh the activities of European steel companies with the policies created for the assistance of the European steel industry by Viscount Etienne Davignon, the EEC Industry Commissioner.

Eurofer is facing an internal crisis. It stems from the inability of the organisation to secure the general agreement of the national steel industries among its membership to act in concert. Eurofer has often been dubbed an "above the line" cartel during its short life. At least the present difficulties make a nonsense of that. No effective cartel would allow itself to be rent by internal differences as has Eurofer.

During the past 12 months, the agreements made round the Eurofer table for adhering to the Davignon guidance programme, by holding to sales quotas and by respecting minimum prices for iron and steel products, have been broken time and again by member companies.

Now M. Jacques Ferry, the president of Eurofer, and for many years the respected spokesman of the French steel industry, has let it be known he will not accept a further term of office at Eurofer after March. He will be succeeded by M. Emmanuel Tesch, chairman of Arbed, the Luxembourg steel company.

Meanwhile, Dr. Heinz Krivet, the West German steel expert from Thyssen, who has been acting as Eurofer's trouble-shooter throughout a troubled winter, has also announced his resignation from Eurofer.

Of the two top changes, Dr. Krivet's early departure must be regarded as the more significant. He was especially seconded to Eurofer to sort out the growing crisis in the organisation. British Steel led a chorus of complaints from a sector of the membership that some companies were flouting the secret Eurofer agreements for limiting cross-border steel sales between EEC members.

M. Jacques Ferry

A second row blew up over the high level of steel sales from some Continental European mills to the United States at a time when it was official EEC policy to show restraint.

Some of the leading figures in Eurofer now support what is being called the polarisation theory. They maintain that the EEC steelmakers are split into two camps—that the industries of West Germany, Holland, and Luxembourg (all of which have close company and trading links and have similarly robust views about free enterprise trading) are ranged against the industries of Belgium, France, Italy and Britain (all of which have state-intervention in their ownership and management to varying degrees.

Other Eurofer members dismiss the polarisation theory as a distortion of the real situation. They are arguing that the issues in which Eurofer involves itself are so immense—the EEC's steel trading is worth £25bn a year even during the present recession—that it is simply not possible neatly to reconcile many differing interests in order to suit the bureaucratic wish of the EEC Commission to talk about European iron and steelmaking with one "representative" body.

Last year British steelmakers stuck closer to the Davignon and Eurofer production, quota, and pricing rules than their European colleagues. The results are indicated by the 1978 production levels compared with 1977: Britain, −1.1 per cent; Holland, +13.4 per cent; Luxembourg, +10.6 per cent; Italy, +3.9 per cent; France, +3.3 per cent; West Germany, +5.5 per cent; and Belgium, +12 per cent.

But the West German steelmakers who are the biggest, most efficient, and most free-market-oriented in the Community, are telling their colleagues in Eurofer that the West German companies have also lost more than the other EEC producers during the recession. West German production fell from 53m tonnes in 1974 to 40m tonnes last year.

Much of Eurofer's policy-making has been handled up to now by a series of committees or by M. Ferry and the four powerful vice-presidents: M. Tesch, Sir Charles Villiers, chairman of British Steel, and representatives from Italy and Belgium.

Curiously a fundamental reappraisal of the work of Eurofer following the announced departures of M. Ferry and Dr. Krivet has not yet been made by the Eurofer Board. The next Board meeting in Brussels (up to three members attend from each country) promises to be a busy one. Eurofer's internal problems will have to be considered together with the new Community proposals for managing the steel industry.

OECD sees inflation threat to Italian recovery

BY ROBERT MAUTHNER IN PARIS

RECOVERY of the Italian economy will be in danger if wages and prices are not kept in check, the Organisation for Economic Cooperation and Development said yesterday.

In its latest economic survey of Italy, the OECD stressed that apart from the political situation the main uncertainty for 1979 was the outcome of the negotiations for the renewal of wage contracts.

If the negotiations did not give rise to any major social unrest and resulted in limited wage increases, the recovery in domestic demand, and particularly in investment, should continue and gather momentum in the second half of the year the organisation said. On the other hand, it was clear that a new bout of inflation of domestic origin would lead to restrictive measures that would thwart economic expansion for the third time in about six years.

On the most hopeful assumptions, the overall year-on-year growth of GDP could be 3.5 per cent, accelerating slightly by the end of the year to nearly 4 per cent. But the OECD added that the achievement of sustained growth of output and investment at rates sufficiently high to reduce unemployment seemed improbable for the near future.

Given the unresponsiveness of the labour market to cyclical fluctuations in economic activity and the large amount of short-time working, employment was unlikely to rise by more than 0.5 per cent—the equivalent of 100,000 jobs.

Inflation, again assuming that wage rises would be kept within reasonable limits, was expected to slow down slightly to about 11 per cent from 12 per cent in 1978. This would be a considerable improvement compared with the rise in prices of more than 18 per cent in 1977.

Holland lowers gas tariffs to industry

By Charles Batchelor in Amsterdam

HOLLAND HAS cut gas tariffs to large industrial users following complaints from many companies that high energy costs have meant they could not compete with foreign concerns.

Nothing has been done to reduce electricity costs because, unlike gas, there is no uniform set of rates, the Economics Ministry said.

A study has shown that Dutch industry was at a disadvantage compared with foreign competitors for several reasons, according to Mr. Gijs van Aardenne, the Economics Minister.

Gas prices are fully linked to heating oil prices, including excise duty.

In Holland's major competitors, the gas-oil linkage is more limited, duty is lower and higher sulphur content is allowed. Dutch gas prices are immediately adjusted to oil prices every quarter while delays are more frequent abroad. Finally, many foreign countries allow much higher discounts for large-volume users.

Electricity in Holland also tends to be dearer because power stations depend about 85 per cent on oil for fuel.

"The competitive position of Dutch large-volume producers could be endangered and measures were therefore necessary," said Mr. van Aardenne.

China 'compensation' deal near

BY GUY HAWTIN IN FRANKFURT

CHINA APPEARS to be on the verge of signing its first major "compensation" agreement with the West. It foresees the exchange of Chinese raw materials for West German technology over a five-year period.

The agreement, according to West German bankers, indicates that the West may well have misunderstood the nature of the approaches from Chinese trade officials seeking to extend contacts with the West. Far from wishing to pay cash, according to the bankers, the Chinese have been seeking to set up long-term barter deals.

A West German banker said yesterday: "The first major order this year from the Chinese appears to have been based on 'compensation.' It seems likely that they would wish to offset much of their other orders in this same way."

Bankers in Frankfurt said that until now it had been assumed that the Chinese would pay cash for their Western purchases—indeed contracts with the plant construction company Lurgi were negotiated on that basis. This is in contrast to the Comecon nations who have reached agreement with Western suppliers to accept payment in the production of goods from plants delivered.

The Chinese, however, according to the deals currently under negotiation, are not seeking to pay for the plant delivered in the form of output. The agreements they wish to reach are for payments to be made in the form of raw materials.

News of yesterday's deal could take the German banking industry by surprise. Previously it was assumed that China would take up substantial credits from West German banks in order to pay for its deliveries of Western technology. Yesterday's news indicates that it intends to pay for such deals without recourse to major Western loans.

Statfjord oil contracts go to Norway

By Fay Gjester in Oslo

NORWEGIAN companies have won three more contracts worth a total of about £8m to supply packages of equipment to Statfjord B, the second production platform in the Anglo-Norwegian Statfjord oil field. The orders for the platform's concrete base, its steel deck and—most recently—its accommodation units, have already gone to Norwegian companies.

Dr. J. Dickson Mabon, Britain's Minister of State for Energy, has complained to the Oslo Government that British industry is not receiving an adequate share of the contracts for the field's development.

The latest orders concern two lots of prefabricated equipment units and the central computer system for surveillance of the platform's production processes. The computer contract, worth around £1.5m, has been won jointly by Kongsberg Vapenfabrikk, a state-owned company, and Siemens' Norwegian subsidiary.

The two companies supplied a similar system to Statfjord A, the field's first platform. Two yards belonging to the Aker shipbuilding group, one in south and one in central Norway, have won the other two contracts, together worth about £6.5m.

New Spanish guerrilla laws

MADRID — Spain yesterday introduced tough new regulations to discourage sympathisers from co-operating with urban guerrilla organisations.

The regulations stipulate prison sentences for anyone giving information to, or collaborating in any other way with, guerrilla organisations. Also threatened with imprisonment was anyone who made a written or oral statement which constituted a public apology for guerrilla acts.

Reuter

Portugal sets 18% wage ceiling

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Government is to set a ceiling of 18 per cent on salary increases this year, in an attempt to peg wages to the projected inflation target for the second consecutive year.

The Government's wages policy, apparently approved during a Cabinet session late on Wednesday night, was formally conveyed yesterday by Sr. Marques de Carvalho, the Labour Minister, in meetings with union leaders and employers.

The new ceiling is expected to be challenged by Portugal's main trade union organisation, the Communist-dominated General Workers Confederation (CGTP-Intersindical), which has already said that wage claims this year would be in line with increases in the cost of living.

Salary increases last year were pegged to the original Government inflation forecast of 20 per cent, following an agreement by the unions to seek no improvement in living standards as a short-term sacrifice.

The 1978 inflation rate, however, ended at 22.2 per cent, causing a fall in real wages for the third year running. Union officials were hoping, therefore, that salaries would be permitted to increase by about 22 per cent this year.

Union opposition to the new ceiling is being fuelled by rumours of further increases in the price of key items such as transport and energy.

Meanwhile, there is growing concern in political circles at the announcement by Sr. Jacinto Nunes, the Finance Minister, that a new tax would be included in the budget for 1979.

Pertini begins search for new government formula

BY RUPERT CORNWELL IN ROME

CONSULTATIONS BETWEEN President Sandro Pertini and senior politicians set in motion yesterday what will certainly be an extremely arduous round of negotiations to try to rebuild a governing formula for Italy.

Sig. Pertini made it clear that he would like the interegnum between governments to be as short as possible, and yesterday's soundings at the Quirinale Palace took place at a much brisker pace than in previous political crises.

However the President's constitutional power is limited, and so far at least there is no strong sign of the compromise that will have to emerge if elections before the theoretical expiry of the current Parliament in 1981 are to be avoided.

The prevailing belief is that Sig. Giulio Andreotti, the outgoing Premier who formally resigned on Wednesday evening, will be asked by Sig. Pertini to succeed himself, and try to form what would be his own fifth, and Italy's 41st administration since 1943.

Assuming such a mandate is formally issued this evening or tomorrow, the Prime Minister designate would begin the exhausting round of consultations early next week.

However, as the parties themselves went into caucus to work out their strategies for the difficult bargaining ahead, there was no sign of any break in the deadlock between Italy's two largest parties. The Christian Democrats are still adamant in their refusal to give into the Communist demand of direct ministerial portfolios.

THE WEST GERMAN ECONOMY

The New Year starts brimfull of optimism

BY ADRIAN DICKS IN BONN

DR. OTMAR EMMINGER, President of the Bundesbank remarked in a recent speech that he could remember few beginnings to a year that were, in economic terms, "so uniformly positive." Dr. Otto Schlecht, the Bonn Economics Ministry state secretary in charge of basic policy, is only a little less optimistic when he says he has "few doubts" about the fortunes of the West German economy in 1979.

Even since those words were spoken, one of the main uncertainties mentioned by both men has visibly diminished. The annual wage round in the pace-setting engineering and metal fabricating industry is now virtually complete.

Nominal settlements have been reached worth around 4.3 per cent, plus fringe benefits, that should fit well within the 6 per cent upper limit to average wage increases which the Government thinks desirable. The steel dispute, in which the union side won a mere nod in the direction of a shorter standard working week, may in fact have been the high-water mark of this year's wage round (although in a few sectors, including the printing industry, settlements could still prove hard to reach).

The second major uncertainty for West Germany lies once again on the external side. A further slide of the dollar could make life harder for exporters, although the lesson of 1978 was a familiar one: West Germany invariably seems to suffer less from a rising Deutsche Mark than pure theory might suggest. More precisely, continued turbulence in Iran could both shut off a lucrative market and, through higher oil prices, dampen down demand in other important industrialised customer-nations.

Yet barring the worst, export prospects are not wholly discouraging. German forecasters are prepared for a slow-down in the U.S., but foresee a revival of demand within the European Community (although as the IFO Economic Research Institute pointed out last week, part of the upturn of EEC demand for West German goods in recent months may well have been an effort to beat the widely expected parity adjustment in connection with the start—when it comes—of the proposed European Monetary System).

Declining demand from the oil-producing countries could, moreover, be offset by new orders from the Communist bloc—with China inevitably the main hope—and by fresh access to credit for the rest of the developing world.

With exports at best likely to keep pace with the projected 5 per cent increase in the volume of world trade, it once again appears that the main impetus for growth in 1979 will have to come from domestic demand. West Germany is still a long way from being able to generate and sustain an economic recovery entirely on the basis of internal demand, yet the question of whether it is moving towards this U.S.-style self-reliance has been answered in part by the history of the past two or three years.

NOMINAL PERCENTAGE ANNUAL INCREASES:

	1975	1976	1977	1978	1979*
Income from dividends and investment, incl. pensions	4.4	15.2	3.2	10.5	9-11
Average gross wages	7.2	7	6.9	5.5	6

* Economics Ministry projection

The building industry, after receiving the main impetus of successive stimulatory packages, is still working flat out and is likely to continue to do so for a good 18 months more. For the motor industry, too, there has been little sign yet of the eventual falling off of domestic sales which the motor companies themselves have prudently been predicting for a year or more already.

A real growth target of 4 per cent for gross national product, now endorsed by virtually every forecaster in the country, far from spectacular by past West German standards—although it is perhaps a sign of the economy's perceived strength compared with last year that Dr. Schlecht rules out any measurable adverse effect on real growth from either the steel stoppage or the past month's bitter cold.

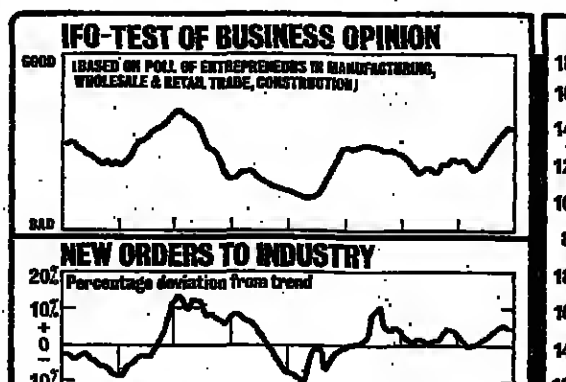
What has evidently impressed Dr. Emminger and other observers this winter, however, has been the revived confidence which surrounds the annual growth projection, compared with which the Economics Ministry's (almost correct, as it turned out), forecast of 3.5 per cent growth in 1978 was greeted this time 12 months ago.

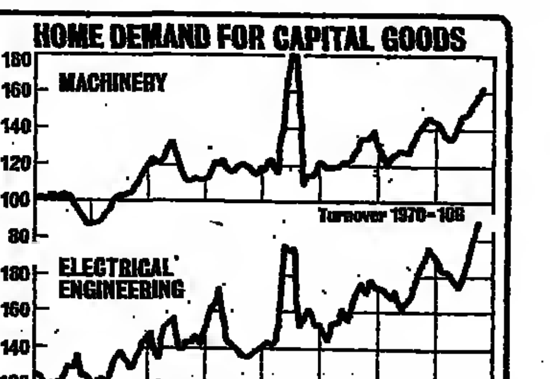
One measure of this confidence is the buoyant tone of the IFO Institute's regular monthly survey of business opinion, which registered the highest level in December since well before the oil price increase of the early 1970s. New orders to industry as a whole have been rising steadily since last summer, pushing up average orders in hand to over three months' work or better. For the mechanical engineering and machinery construction industry, obliged to live with longer lead-times, the figure is now a little over five months' work.

As the replies to IFO's questionnaire suggest, investment is running high. While sectors such as motors and construction have led the way, the new orders being placed with capital goods producers by domestic customers are now coming from a much broader group of customers.

According to the Economics Ministry's projections, domestic fixed investment this year will be up by 10-12 per cent while this compares with a hefty 11 per cent provisionally recorded for 1978, the portion attributable to the public sector will rise a good deal more slowly than last year.

What has changed to make West German business so keen to invest, compared with the position a year or two ago when it was being constantly criticised for hanging back? Can it be, as the experts have long been arguing, that low interest rates have finally exerted their attractions? Or can the replacement of older plant no longer be put off?





The Economics Ministry's figures provide a further clue. As the table shows, it has become more worthwhile to invest than was the case in 1977, if not quite so worthwhile as in 1976.

What, if anything, should Bonn be doing this year? Count Otto Lamsdorff, the Economics Minister, and his colleague Herr Hans Matthoefer, the Finance Minister, have categorically ruled out the possibility of fresh tax adjustments during the remainder of the current Parliamentary term—which effectively means until October next year. They have also both declared that there is no reason to discuss economic policy measures at present. In other words, they want to leave well alone.

While there may be much to be said for that, it is a view no more likely to go unchallenged in 1979 than in any of the past few years. Foreign believers in theories of Germany as a "locomotive" of world growth, for example, may not be satisfied by the Germans' forecast that imports will once again rise by 8 per cent in volume this year. Domestic critics are less than pleased by the official forecast that the average unemployment rate will drop only minimally, from 4.3 per cent to 4 per cent this year.

One of the most telling comments so far has come from the West Berlin Institute for Economic Research (DIW). Discussing the aspirations for a self-sustaining West German recovery, it warns bluntly that the strength of domestic demand has owed much to the pump-priming which the Government has already carried out, and which this year will amount to an estimated DM 12bn in tax cuts effective from the beginning of January. The DIW does not seek to deny Bonn its full credit for what has been achieved, but only to remind the conservative West German advocates of balanced budgeting that "any withdrawal by the state from its responsibility for growth policy would soon cripple private economic activity, too."

Whatever Ministers may say about leaving the market economy to its own devices, that is a home truth they do not need reminding of, now that the next Bundestag election is beginning to loom a good deal closer.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rate $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

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U.S. reported repaying swap with Bank of Japan

BY RICHARD HANSON IN TOKYO

THE DOLLAR traded at its best levels in Tokyo since early December yesterday before monetary authorities stepped in to support the yen. Meanwhile, there were reports that the U.S. Federal reserve will begin repayments on the yen borrowed since November from the Bank of Japan under its swap arrangement which was activated when the U.S. currency was under strong downward pressure.

The dollar rose as high as Y203 in fairly active trading after opening at Y202.50. The Bank of Japan is believed to have sold about $60m (spot turnover was $586m) around the high for the day and the dollar closed lower at Y202.35, up about Y1 from Wednesday's close.

The Bank of Japan has sold dollars in several sessions recently but yesterday's selling was said to be the strongest of those interventions.

The strength of the dollar apparently is offering the U.S. authorities an appropriate opportunity to pay beck some of the swap funds used last year, according to Nihon Keizai Shimbun, a leading financial daily.

Bank of Japan officials declined to comment on the news report. The report said that nearly $1bn had been used since early November for U.S. Fed intervention in yen but that figure appears to he somewhat exaggerated.

One sign that both the Japanese and Americans may be adjusting their holdings of each others currencies through selling in the Tokyo market or repayments of swap borrowing did emerge in the January totals for Japan's official holdings of convertible foreign currencies, gold and SDRs.

The Finance Ministry said foreign reserves rose only $90m in January to $33.109bn. This is another record high for the holdings, but the rate of increase was much lower than expected. In December reserves grew $785m and in November they were up by a record rate of $2.866bn. January marked the fifth consecutive monthly increase.

The dollars which the U.S. Fed borrows under the swap arrangement appear in the reserves total. Officials at the finance ministry also have expressed a desire to reduce the reserve total, and show no reluctance to use dollar selling intervention in the foreign exchange market as one means of doing so.

Refineries raise prices

BY YOKO SHIBATA IN TOKYO

NIPPON OIL, Japan's largest oil refiner, has announced that wholesale prices of its products will be raised by an average 15 per cent (or Y3,550 per kilolitre) on March 16 to cope with the first staga of price rises planned by the Organisation of Petroleum Exporting Countries (OPEC) this year.

Another oil refiner, Idemitsu Kosan intends to increase oil prices in the very near future. Oil refiners such as Esso Standard Oil, Daikyo Oil and Kyodo Oil are expected to follow suit shortly.

According to Nippon Oil, the price rise of Y3,550 will cover OPEC's 5 per cent crude price rise from last month, losses incurred from the Yen's appreciation and cuts in gasoline prices due to fierce competition.

The Ministry of International Trade and Industry (MITI) said yesterday it may face considerable difficulty in attaining its target of private emergency oil reserves of 85 days supply as of the end March, 1978, because of the suspension of Iranian crude oil exports.

The Japanese Government began a four-year emergency oil stockpiling programme through private companies which aimed at the equivalent oil supply of 80 dsys by the end of March, 1977, 85 days by the end of March, 1978, and 90 days by the end of March, 1979.

The oil stockpile as of December last year totalled 84 days. But this will drop to 80 days by tha end of coming March.

Government stockpiles total 5m kilolitres (seven days' supply). The aim is for 10 kilolitres (10 days supply) by the end of March, 1982. The Government appropriated Y120bn to huy another 2.5m kilolitres in the next fiscal year.

When air fares were trodden under foot

By David White in Paris

THE VILLAGE of Neanphle-le-Chateau, until yesterday the capital-in-exile of Iran, can now return to its true vocation of pleasant, semi-suburban obscurity. Its 2,000 long-suffering inhabitants can rest assured that, whatever happens to Ayatollah Khomeini, the chorus of shivering reporters and ski-booted cameramen is not itching to go back, especially after yesterday's finale.

The organisation of the Ayatollah's return party, after a shaky start and a full day's uncertain waiting, ended in a crescendo of confusion. When Iranian and press candidates for seots on the Ayatollah's chartered Jumbo jet were asked to form separate camps on the muddy gravel prayer-ground that used to be a front lawn, the only thing that prevented an all-in wrestling match was that it was too dark to see.

The respectful doffing of shoes before entering the carpeted front room was forgotten. Money was counted on the floor, on the ground, and trodden on by those unable to find their names on the list. The South Americans suffered most from the shortage of space, but a British television crew had to fight its way on, and a central European religious expert was left complaining bitterly into the night.

The Ayatollah's return had been planned and delayed for two weeks or so, but it was left to the very last moment to give Neauphle-le-Chateau a taste of the rioting so familiar in Iran. The more philosophical pondered, as they raced to the airport, on what these organisational methods might augur for the fate of that country after the Ayatollah's return.

Moscow woos the Saudis

By Roger Boyes

THE SOVIET UNION has launched a concerted campaign to woo Saudi Arabia, apparently as an initial step towards establishing diplomatic relations between Moscow and Riyadh.

The first definite sign of the shift in policy came in an article this week in the authoritative journal, Literaturnaya Gazeta which portrayed Saudi Arabia in distinctly sympathetic terms. Moscow has until recently described Saudi Arabia as "feudalistic and reactionary" and as "a kingdom of darkness."

The article, clearly approved at the bighest level, revealed a number of important nuances in the changing Soviet approach. "The Soviet Union and Saudi Arabia have never fought each other and bave never had any insoluble conflicts," the article argued. It was written by Igor Belyaev, a senior Middle East commentator.

Similar phrasing was used by Soviet commentators before Moscow established links with a number of African countries in the 1960s, and it is clearly a way of signalling that Sandi Arabia is not exclusively in the U.S. sphere of interest.

Mr. Belyaev also stressed that strained relations between Saudi Arabia and Moscow had been distorted, apparently to serve U.S. interests in the area. "I think that the strongly exaggerated ideas of the anti-Sovietism of Sandi Arabia are deliberately created by west European and American journalists," ha said.

The article comes when Mr. Oleg Grinyevsky, recently appointed head of the Soviet Foreign Ministry's Middle East department, is touring several Arab countries including beighbours of Saudi Arabia. Mr. Grinyevsky's predecessor was Mr. Mikhail Sytenko, wbo was known to be sympathetic towards some of the more radical Arab states. Western analysts in London speculated that his removal from the post could have been linked with the current diplomatic efforts towards Saudi Arabia.

It is also understood that a Soviet trade delegation is to visit Saudi Arabia within the next month. Trade between the two countries is at present minimal and the Soviet Union would clearly like to use Saudi Arabia as a way into certain Middle East markets.

The latest Soviet move is partly a response to the Iranian crisis—a stable "normalised" relationship with another Arab oil-producer would clearly be welcomed by Moscow—and partly a recognition of Riyadh's critical stance on the Camp David peace moves. The main obstacle to establishing diplomatic ties, however, has been from the Saudi side, which has opposed relationa with Communist Governments for religious reasons.

Prince Saud al Feisal, the Sandi Foreign Minister, last month denied reports that bis Government was planning to establish diplomatic ties with Moscow.

Unconfirmed reports published in Beirut said that a senior Saudi official met Mr. Andrei Gromyko, the Soviet Foreign Minister, in Geneva last month.

ALAIN CASS accompanied the Ayatollah on his return flight to Tehran

Khomeini takes the fight back home

THE BLUE and white Air France jumho jet rolled past rows of strike-bound Iranian aircraft, idle American helicopters and silent hangars, coming to rest before an airport terminal with barely 1,000 people lining tha terraces.

After what seemed a small eternity, the hunched figure of the 78-year-old religious superstar, who helped sweep away 50 years of extravagant Pahlavi rule with a few well-chosen phrases from a drab suburban dwelling in Paris, faltered down the aircraft steps.

Those who expected the Ayatollah to he given tha freedom of Tehran at the airport, before a tumultuous crowd of adoring disciples, initially may have been disappointed.

After a brief conference with the Iranian colonel in cbarge of security at the airport, the Ayatollah Khomeini was driven to tha terminal building under the steady eye of armed and unsmiling aoldiers.

By the Shah's standards, the show of strength was positively meek as the Government's most dedicated and powerful foa stepped foot on his native soil after 14 years of exile.

The symbolic significance of an airport under the control of the armed forces cannot bave been lost on tha Ayatollah, who must realise that the hattle for Iran may only have just begun.

But he was back from exile, apent mostly in Iraq, refining his particular hrand of religious radicalism—"We want a ruler who would cut off the hand of his son if be steals." His aim is to set up an Islamic republic.

He arrived on a charter flight flown by a volunteer crew with enough fuel to return to Paris in the event of trouble and with the world's Press, of whom ha had made sucb effective use in committing political regicide hy remote control.

There was no troubla, bowever. At dawn, flying at 40,000 feet, the Shi'ite Moslem world's most powerful leader knelt in the direction of Mecca to offer prayers in the first-class lounge. The aircraft bad just crossed into Iranian airspace and the sun was rising over the snow-capped mountains.

Half an bour later, at a sober set-piece ceremony with his supporters at the airport, the Ayatollah delivered an immediate attack on the departed Shah and promised to "*cut* off the hands" of the monarch's foreign backers.

In the terminal building, veiled women wearing sober Moslem garments over their jeans, rows of grey Mullahs in white turhans and hlack robes, and students wbose colleagues died in the recent fighting, sat reverently at their teacher's feet. In one corner an army conscript, no older than 18, wept.

"Ob Ayatollah you bave smasbed the idol," they chantcd before moving off in a huge motorcade impressively disciplined by bundreds of marsbals. What they made of my taxi with five pasengers inside and two on the roof is bard to say. There was no doubt that beyond the airport perimeter Tebran belonged to Khomeini.

After a triumphal round through thc city and a visit to Bebesbt el Zahra cemetery to pay his respects to the fallen of the *Islamic* revolution, the Ayatollah went home to plan and wait.

Earlier, on the aircraft, the Ayatollah's aides, who had the difficult task of translating rhetoric into concrete policy, attempted to explain the complex snd alien concept of a Moslem government and what it wonld do.

What emerged was a tenuous though often radical set of policies which do not yet seem to add up to a coberent government programme. Undoubtedly, they will cause uocertaloty, especially to the West—and the United States in particular—if only because the consequences do not seem to have been thougbt through.

In essence, an Islamic government would seek to maintain *good relations* with the West, but on equal terms. "We would be happy to sell you oil because we are well aware it is our life's blood. We are anxious to get *the* oilfield operating again. How mucb oil we sell and at what price will be determined by our own economic needs and not tbose of the West."

The Ayatollah's *backroom* planners, who include a biochemist, a lawyer and a student of Islam, concede tbat Iran will still need mucb Western tecbnology. "But we do not need arms," said one aide. Neither would a Khomeini-backed Government wish to be the policeman of the Gulf.

As we began our descent to Tehran a close aide said: "Khomeini is not a compromiser. He has said thet Bakhtiar must go and he will not accept balf measures." What if Bakhtiar stands firm and the army, divided but still profoundly conservative and overwhelmingly hostile to the Ayatollah, backs the Prime Minister? "Then we fight."

Defining the shape of an Islamic republic

BY SIMON HENDERSON IN TEHRAN AND ANTONY McDERMOTT IN LONDON

IF Ayatollah Ruhallob Khomeini's political plans materialise, the Middle East will see one of its first Islamic republics since the time of the Prophet Mohammed early in the 7th century, in Arabia.

In modern times, Islam, particularly in its more conservative form, has been making an influential comeback. Partly as a result of Sandi Arabia's growing political and financial *strength, governments* have been required to take growing care not to offend Islamic mores.

Even in countries with "socialist" government, like Algeria and Syria, it has become bard to ignore the power of the mosque.

But it would also be a mistake to regard Islam—whether in its orthodox Sunni or unorthodox Shi'ite forms (the latter is practised by nine-tenths of Iran's population)—as being solely a conservative force. The Arah countries which try hardest to conduct themselves according to Islamic principles and the sharia are perhaps Ssndi Arabia and Libya — the former a monarchy and the latter a republic.

Furtharmore, unlike strict Sunnism, what is known scholarly as "the door of ijtebad (interpretation)" for law has not been closed in Shi'ism. So that in theory at least Ayotollah Khomeini's dependence on Shi-ite Islam for the running of the government does not mean that he is armed with an inflexible instrument, incapable of adapting to modern developments.

Nevertheless, the Islamic system of government which Ayatollah Khomeini wants to introduce could mean a complete reversal of previous ways of looking at Iran's development. Foreign loans might be refused, those already undertaken might be repaid early. Most importantly for Iran, oil exports are likely to be limited to the level required to finance a much curtailed level of development.

Ayatollah Nuri, a Tehran-based colleague of Khomeini, puts the difference between the present and possible future as follows. Unlike the democracy of the kilogram in which men are weighed and counted like cucumbers and eggs, he says, in the Islamic system numerical majority is not the yardstick.

AMERICAN NEWS

Rhodesia tops agenda for Vance and Owen

By David Buchan in Washington

THE NEED to head off likely movea in Congress to lift sanctions on Rhodesia, after the one-man, one-vote elections there on April 20, will figure prominently in talks here today and tomorrow between Mr. Cyrus Vance, the U.S. Secretary of State, and Dr. David Owen, Britain's Foreign Secretary.

Under Mr. Ian Smith's internal settlement, whicb was approved by Rhodesian whites in a referendum this week, the April elections would give whites 28 seats in a 100-seat Parliament.

Southern Africa, Rhodesia and tbe related issue of Namibia, is expected to top the agenda at the Vance-Owen talks, although the Foreign Secretary will want to hear U.S. views on the visit to Washingtoo of Deng Xiaoping, the Chinese Vice-Premier, and other issues sucb as the Mideast peace negotiations.

The chances of a successful vote in Congress to lift trede sanctions ageinst Rhodesia heve increased with the adrent of Senator George McGovern as head of the Senate's Africa subcommittee in the new Congress.

The Senator believes that the internal settlement shonld not he dismissed lightly. He has urged Mr. Vance to send ao impartial team of observers to monitor Rhodesia's April elections.

Mr. McGovern stressed that he would oppose lifting the U.S. trade boycott unless the Smith regime hed made "a full and good feith effort" to negotiate with the Patriotic Front guerrillaa, and hed held "a legitimate nationwide election." These are the terms of the Case-Javits emendment that Congress attached to last year's Foreign Aid Bill.

If outside observers were to report the April poll to bave been "legitimate" to the satisfaction of Mr. McGovern and other Congressional liberals, a bipartisan move to lift sanctions could be mounted, perhaps as early es May.

Tony Hawkins reports from Salisbury: Mr. Smith has confirmed in a televisiop interview thet be plans to stay in politics until Rhodesia is recognised internationally.

The Prime Minister said he would not like to put himself in a position wbere people could turn round and say: "You left us in the lurch."

Newport News strike test for union power in South

BY JOHN WYLES IN NEW YORK

SHIPBUILDING at Newport News Shipyard, Virginia, was severely disrupted yesterday, on the second day of an official atrike which looks set to he a major battle in the trade union movement'a efforts to organise workers in the Southern U.S.

Virginia is a fairly typical Southern state, with a mere 15 per cent of its workforce belonging to trade unions and a generally bostile attitude to unionism symbolically enshrined in so-called "right to work lews," outlawing union closed shopa. The Newport News strike, over union recognition, involves Virginla's largest employer, and is taking place close to the site selected by West Germany'a Mercedes-Benz for a truck assembly plant which the company plans to run with non-union workers.

Tbe dispute pits the United Steelworkers of America, the fourth largest union in the U.S., against Tenneco, the multinetional conglomerate whicb owns the Newport News Shipyard and Drydock Company. Tenneco successfully fought off union organising attempts until a year ago, when the Steelworkers won a representetion election end were subsequently certified by the National Labour Relations Board as the hargaining agent for 19,000 shipyard production workers.

But the union's victory then became submerged in the depths of U.S. labour law. The company refused to eccept the result end challenged the impartiality of the National Labour Reletions Board in its conduct of the vote. The Board dismiased the complaint in December, and ordered the company to bargain with the Union. But the company claims that any move to bargain would prejudice its appeal against the Board's decision in the U.S. Court of Appeala, which is scbeduled for the second week of March.

The legal process could take months, end the union's fear is that protracted delay could erode its appeal to the 13,000 workers who bave so far taken membership.

According to the union, whose pickets at the shipyard are standing eyeball to eyebell with riot-equipped Virgine state police, only about 2,500 of the 11,000 workers turned up for work on the first day of the strike. The company estimated twice as many, and yesterday claimed that attendance was about the same.

Much of Newport News' production is on contrects for the U.S. Navy. Since its order book is steadily declining, it may be in no great burry to see an end to a dispute which is being closely watched for its possihle implications for the development of U.S. labour relations.

Bid to cut passenger rail system

BY STEWART FLEMING IN NEW YORK

MR. BROCK ADAMS, tbe U.S. Transportation Secretary, has released proposals which virtually would cnt in balf the publicly-owned sector of the passenger rail network, Amtrak.

The plans are expected to give rise to fierce opposition from communities across the U.S. anxious about the impact of lost transportation links, and also could come under beavy fire in Congress, which bas the power to veto them.

Tbe scbeme is planned to come into effect in October, bringing with it the elimination of some of the best-known passenger services, including the Southern Cresceot wblch links Washington and New Orleans and often is cited as the country's best-run passepger railway.

Behind the proposals to eliminate 12,000 miles or 43 per cent of the Amtrak system is the Administration's dismay at the mounting federal subsidies which Amtrak needs and tbe political pressures to cut the Government's budget deficit.

The Transportatiop Department estimates that the cutback will save taxpayers at least $1.4bp over five years.

With attacks on Government spending and taxation attracting political support, the Administration must bope that the times favour acceptance of such a radical reorganisation of the loss-making passenger rail system.

Mr. Adams, bowever, claims that despite tbe cuts, the system will reach 22 of the nation's 25 largest urban centres in 40 states and serve 91 per cent of the people reeched by the present 27,500 mile network.

In addition to cuts in the Amtrack system whicb must be completed by mid-May 1980, the Transportation Department recommends that Amtrak he required to meet a greater proportion of its expenses from passenger revennes than the present 36.8 per cent.

By 1985 it is expected that balf the system's revenues should come from passenger revenues and balf from government subsidies. In addition, the system is likely to come under close scrutiny regarding tbe quality of service it offers.

Amtrak's total annual operating costs bave increased from $306m in 1972, the year after the passenger lines it comprises were taken into public ownersbip, to $891m in fiscal year 1978. But revenues rose only from $153m to $313m.

Peru's new Premier sworn in

LIMA—General Pedro Ricbter Prada was aworn in as Prime Minister of Peru. He said the army would support government policies directed at economic recovery and the transfer of power to civilians.

Gen. Richter, aged 58, is regarded as tbe new strong man of the country's military regime. He will also serve as Minister of War and commander of the ermy.

All these position were held by his predecessor Gen. Oscar Molina, wbo is retiring after 35 years military service.

President Francisco Morales Bermudez, a retired general who heads the military junta, administered the oath of office to Gen. Ricbter and to Sr. Carlos Garcia Bedoya, wbo replaces Sr. Jose de la Puente as Foreign Minister. Sr. Garcia Bedoya was formerly Ambassador to the U.S.

The regime has set no firm date for general elections.

AP

Dismissed oil chief named in Ford suit

By Our New York Correspondent

LIEUT. GENERAL Ibnu Sutowo, who was dismissed as head of Pertamina, the Indonesian state oil company, in late 1976, has been named as the target of an alleged Ford Motor Company bribe aimed at securing a $30m contract.

Mr. Sntowo is nnder house arrest in Indnnesia, wbere his stewardship of Pertamina is still under investigation following its near collapse with $6.2bn of debts. The allegation that he was to have been at the receiving end of an illegal Ford payment is contained in documents filed in a $50m suit brought by a small dissident group of Ford stockholders.

The main target of the action is Mr. Henry Ford, the company's chairman, who it is claimed improperly employed the company's fnnds fur a range of personal activities.

But his general leadership of the company is also nnder attack and the naming of Mr. Sutowo links the shareholders' suit more strongly with a Department of Justice investigation into the alleged Indnnesian bribe.

Grand Jury hearings are expected shortly on this affair and it has been reported that Mr. Lee Iacocca, sacked by Mr. Henry Ford as the company's president last summer, has agreed to answer federal prosecutors' qnestions.

Ford already has disclosed to the Securities Exchange Commission that an internal audit nnearthed a plan to pay a bribe in an attempt to secure a $30m satellite commnnications contract from Indonesia. The company says that the plan was quashed by top management but recently the qnestion of a second bribe which may heve been paid has been raised with Ford.

The stockholders' suit was joined officially in the middle of last month by Mr. Alejandro de Tomaso, an Argentinian industrialist with extensive manufacturing interests in Italy. His support gives more credibility to the suit since the original plaintiffs owned only a handful of shares whereas Mr. de Tomaso owns 11,535. He was president of a Ford subsidiary for a short time but resigned in 1973 and sold his stake to Ford.

CANADIAN FEDERALISM

Delicate dialogue of the deaf

BY JIM RUSK IN TORONTO

AN EIGHT-MEMBER task force has produced a report with detailed recommendations for the restructuring of the Canadian federetion that will provide e new focns for the debate on the country's future.

After 18 months of study, the task force, headed by M. Jean-Luc Pepin, a former federal Cabinet Minister, and Mr. John Roharts, former Ontario Premier, concluded thet "Canadians are in the midst of e crisis which requires a rapid and determined response" and made 75 detailed recommendations for dealing with it.

The recommendations which find a middle ground between the constitutional position of M. Pierre Trudean, the Prime Minister, and his arch-rival, M. Renc Levesque, the premier of Quebec, do not eppear to be exactly what M. Trudeau had in mind when he appointed the commission in autumn 1977. It was set up in response to the challenge of the separatist Parti Québecols, elected to govern Quebec in November 1976, and its plans for a referendum on Quebecois relations with the rest of Canada.

Mr. John Robarts

The Prime Minister already has rejected aa naive the task force's suggestion that language rights for minority groups in matters of provincial jurisdiction ougbt not be enshrined in the Canadian constitution but left to each provinces' conscience. The Prime Minister cen point to the fate of Anglophone educational rights in Quebec as evidence that such rights are not safe in the hands of a province, while Quebecers make the same point by noting tbe fate of the French-speaking minorities in all other provinces except New Brunswick, whicb is officially bilingual.

Similarly, the task force's view that Quebec must be allocated sufficient powers to be able to fulfill a distinctive role and responsibility for the preservation of the French heritage in its own territory is contrary to M. Trudeau's oft-stated view that Quebec should not have a special status within the Canadian confederation.

The main thrust of the report is that Canada must move quickly to resolve the pressures which are straining the unity of the nation. One set of the forces tearing at Canada's political fabric comes from the basic English-French linguistic division, which was wrestled with even before the nation'a creation in 1867.

The other set of furces have come to the fore only in this decadc. They are the forces of regionalism, which means that there is no single unified response frum English Canada to any of the major issues facing the netion. Regionalism has a number of sources—historical, geogrephical and social—and its riae has been coupled with the growing economic power of Western Canada.

"Sometimes the country seemed to us to be composed of a multiplicity of solitudes, islands of self-contained activity and discourse disconnected from their neighbours and tragicelly unaware of the whole that contaiued them all. When one spoke, the others did not listen: indeed, they barely seemed to hear," the task force says of Canada's current plight.

Its solution is a healthy dose of constitutional reform which wonld see the provinces formally eleveted to equal status within the federal Government

The tesk force would dissolve the Senale, Canada's Upper House, a vestigial body of government appointees constitutionally derived from the House of Lords rather than its American namesake, and replace it with a new second chamber to be called the Council of Federation.

The Council would be composed of delegations representing the provinces with the members of the federal Cahinet sitting as non-voting members. The council would have the power to suapend for a period federal legislation in arcas of joint jurisdiction with the provinces and to vet oppointments to federal institutions such as the Supreme Court.

The task force would also propose enlarging the present House of Commons by about 60 acats, with the memhers for the new seats to be elected in a form of proportional representation so that the make-up of the House of Commons would more closely follow voting patterns than it does now. At present, for instance, en English style system of constituency voting has all but deprived the Liberal Party of representation in Western seats.

The task force further recommended a number of other measures, including the enshrinement of a Bill of Rights in the constitution, a revised formula for constitutional change and a restructuring of the Supreme Court of Canada.

An entire generation of Canadien politicians has been uneble to agree on a formula for amending those parts of the constitution affecting both federal and provincial rights. The proposals made hy the Pepin-Robarts group would require amendments to be passed by simple majorities in both Houses of the federal Parliament and then to be submitted to popular referendum.

To be passed, amendments would have to find a majority in eech of four regions—the West, Ontario, Quebec, and the Atlantic provinces. The final word thus would rest with four electorates—not with provincial or federal Governmenta.

While Mr. Trudeau has made his distaste for some of the recommendatiops know already, a more balanced view of the impact that the report, A Futnre Together, will bave on the course of the unity debate in Canada will emerge next week as Mr. Trudeau and the provincial Premiers meet to discuss constitutional reform.

Many of the task force's recommendations echo views that Premiers have expressed in the past. And none will be in a positiop to disown it in its entirety.

More OECD investment in developing countries

BY ROBERT MAUTHNER, PARIS CORRESPONDENT

PRIVATE DIRECT investment from OECD member countries to developing countries have riseo steadily since the beginning of the decade, according to a report which has just beeo published by the OECD Secretariat.

Though the report, eotitled "Investing in Developing Countries," does not contain statistics covering the last two years, it gives a clear picture of the trend of private direct investment flows since 1970. It also provides a detailed rundown of the incentives offered by Western Governments for investments in the third world.

Over the seven-year period from 1970 to 1976, private direct investment flows from members of the organisation's Development Assistance Committee (DAC), increased from $3.7bn to $7.8bn in current prices, or from $5.7bn to $7.8bn in 1976 prices, equivalent to annual growth rates of 13 per cent and 5 per cent respectively. According to provisional figures these investments rose to $8.3bn in 1977.

In recent years, about two-thirds of these flows have gone to Latin America and the remainder in about equal parts to Southern Europe, Africa and Asia. The share for Asia, including the Middle East, would have been much higher if it had not been for massive U.S. disinvestment in the oil sector.

In 1976, the last year for which precise statistics are available, the U.S., the UK and Japan accounted for two-thirds of direct investment by DAC members in the Third World, with one-third of this amount going into manufacturing and one-fifth into petroleum. The share of developing countries in world-wide direct investment by DAC members rose from 30 per cent in the 1969-70 to 36 per cent in 1975-76.

The total book value of the stock of private direct investment from DAC members in developing countries at the end of 1976 amounted to about $76bn. Among the main beneficiaries were Brazil ($9.1bn), Indonesia ($5.1bn), Spain ($4.7bn), and Mexico ($4.6bn).

Portfolio investment by DAC members in developing countries has increased regularly and much faster than direct investment, from $1.2bn in 1970 to $9.1bn in 1976, mainly due to increased purchases of foreign bonds—though the developing countries' share in the bonds market is still relatively small.

Sweden cuts commitment

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDISH COMPANIES' foreign investments slumped by more than 30 per cent last year to just over SKr 3bn (£345m) according to investment permit statistics released yesterday by the Riksbank (Ceotral Bank).

The decline was particularly heavy in Britain, where Swedish investment trebled to SKr 620m in 1977 but fell back to SKr 317m last year.

The Riksbank explains the decline by the large investments made in foreign shipping companies in 1977, which were not repeated in 1978. This applies to Britain but even more so to Norway, where Swedish investment tumbled from SKr 571m in 1977 to SKr 94m.

Some 56 per cent nf Swedish investment abroad was financed through foreign borrowing and 11 per cent derived from profits generated abroad. Only 17 per cent involved direct capital exports from Sweden.

Since 1974 Swedish companies have been required when ever possible to finance investments abroad with foreign loans carrying a term of at least five years.

The principal objective fnr Swedish companies was the U.S., which took SKr 576m. In the next three places came Britain, Brazil and France, all within the SKr 300m-320m bracket.

John Brown turbine deals

BY RAY PERMAN, SCOTTISH CORRESPONDENT

JBE, THE gas turbine-making subsidiary of the John Brown group, which two weeks ago won £14m in export orders for India and Curacao, expects to sign two or three further overseas contracts shortly.

Mr. Graham Strachan, managing director of the Clydebank company, said that it was actively pursuing oew work in markets where it had previously been successful. These include the Soviet Union, where JBE last year delivered 33 turbines for gas compression stations a month ahead of schedule, China and the Middle East.

Mr. Strachan added that, excluding the U.S., he expected the world market for gas turbines to grow at about 7 per cent a year over the next three years, although competition was increasing, particularly from the three major U.S. manufacturers, General Electric, Westinghouse and United Te[illegible]

"Russia sent [illegible] inquiries at the beginning [illegible] for 50 to 70 units for a [illegible] pipeline, but that order has [illegible] been placed. Our understan[illegible] is that it has beeo deferred [illegible] come in the 1979 budge[illegible]

"China could [illegible] be in the market this year [illegible] units for generating the electrical power needed to fulfil its ambitious plans and in the Middle East, which has beeo taking 50 per cent of the market, there could be fresh orders, perhaps from Saudi Arabia."

The Far East was also likely to step up its demand and Mexico would require a large number of turbines over the next few years as it developed its extensive oil and gas reserves.

Nigerian inspection scheme to go ahead

BY BRIJ KHINDARIA IN GENEVA

A MULTI-MILLION dollar contract to monitor the quality of goods heing imported ioto Nigeria is still in the hands of one of Geneva's most discreet companies involved in world trade, the Societe Generale de Surveillance (SGS).

Chief executive Marc Andre Chargueraud firmly denies that the contract signed by the Nigerian Government last November is in danger of slipping through his company's fingers.

According to Nigerian Press reports Brigadier - Geoeral Obasanjo's Government has bad second thoughts about the contract because of the Societe Generale Surveillance's alleged inability to handle it.

Mr. Chargueraud said that there has never been any discussion "in that area" referring to the Nigerian reports, which he said were based on a misunderstanding of the situation.

The contract came into force no January 1 this year, and the SGS has already begun its work of inspection in a number of countries that sell to Nigeria.

Prodncts sent to Nigeria from Britain will also be inspected under the normal procedures of his company as part of its contractual obligations to Nigeria. But Mr. Chargneraud did not say which British mannfacturers would be subjected to the control procedures.

The Nigerian contract is expected to provide about 2-3.5 per cent of the SGS's revenue this year. The turnover of SGS, which does not publish its profits, was $230m last year.

The company provides similar inspection services to several other African countries, including Kenya, Tanzania, Ghana and the Ivory Coast. These services account for about 10 per cent of the company's turnover with the rest coming from its usual business of inspecting goods before fob shipment for mainly Western industrial companies and traders.

Mr. Chargueraud refused to disclose details of the contract but said that under it his company will inspect a wide range of goods imported by Nigeria, excluding items like arms and ammunition.

SGS has been employed by Nigeria to conduct inspections in three main areas. It will verify quantities exported to ensure that they conform to specifications of the trading contract.

The company will also make quality control checks, for example, to verify that machinery sold meets agreed standards, aod will survey prices to check whether they diverge from world prices or those charged to other and similar customers.

India gets U.S. loan to buy Boeings

By K. K. Sharma in New Delhi

THE U.S. Export-Import Bank (Eximbank) has agreed to advance a loan of $50m to Air India for the purchase of three Boeing 747 aircraft, Mr. John Moore, chairman of Eximbank, announced here. The remainder of the total cost of $149m is expected to be provided by the Indian Government and other U.S. financial institutions.

In addition, Eximbank has offered a package of credit facilities to Indian Airlines, which operates on domestic routes, for purchase of seven Boeing 737 aircraft which has still to be approved by the Indian Government.

Eximbank is also helping to finance imports of cement-making technology by India from the U.S. and to provide equipment for the Bombay High offshore oilfield in the Western Continental Shelf.

● Indonesian Airways is negotiating the purchase of possibly four European Airbus A300 airliners in a contract worth about $150m with spare parts Renter reports from Paris French industry officials said.

The airline wants the A300 B4-200 Airbus model with a seating capacity of 250 to 280 and a 5,600 kilometre range.

Airbus Industrie has so far reported 124 firm sales plus 53 options to 18 international airlines, they added.

Comecon debt level increases slightly

BY JOHN WICKS IN ZURICH

TOTAL INDEBTEDNESS of Comecon countries was estimated to have reached about $56bn (£28bo) by last November. This compares with ooe of some $52.4bo for the eod of 1977, and was provided by Herr Hans-Joachim Schreiber, a director of Dresdner Bank, at the annual meetiog to Zurich of the Associatioo of Foreign Banks in Switzerland.

The total includes both bank debts, as recorded by the Bank for Internatiooal Settlements, and supplier credits but not a sum of about $8.3bn of Comecon bank deposits in the West.

No detailed figures are known for supplier credits, but Herr Schreiber said they account for something like one third of total Soviet liabilities. The remaining two thirds consist of bank debts. In the case of Poland, he put this ratio at about 50:50, while in Hungary almost all liabilities were in the form of bank debts.

For an objective appreciation of Comecon indebtedness, said Herr Schreiber, a breakdown would be necessary by debt maturity. However, the countries concerned made oo disclosures in this sector and no reliable figures therefore existed.

"We have learned to live with this disadvantage. Io principle, it is the countries in question which suffer most from this situation."

Herr Schreiber said that former estimates of a Comecoo indebtedness to Western trade partners reaching over $80bn by 1980 could now be coosidered wrong. New estimates saw a total indebtedness of $200bo by 1990.

In the eyes of his bank, the ratio of net convertible-currency debt to annual Westbound exports was the best basis for credit ratiogs. Czechoslovakia had the best ratio, with 1.2 to 1, followed by Romania with 1.4 to 1, the USSR with 1.5 to 1, Hungary with 2.4 to 1, Poland with 3 to 1 and Bulgaria with 5.6 to 1. For debt servicing as a share of westbound exports, Czechoslovakia had a 1978 relationship of 25 per cent and Bulgaria one of as much as 100 per cent.

Barter deals, which today accounted for 25 to 35 per cent of total Comecon trade with the West, were justifiable only when based on more favourable production locations, cheaper power sources and other actual advantages, be said.

In future, there was no doubt that growiog East-West trade could be financed satisfactorily. The pre-requisite for this was a balanced trend in import and export growth. Herr Schreiber expressed confidence that such a trend could be reckoned with.

AUSTRALIAN ENERGY

LNG project comes close to fruition

BY PHILIP BOWRING RECENTLY IN MELBOURNE

THE CO-ORDINATOR of Australia's North West Shelf LNG project is "very confident" that the final go-ahead for the project would be given by September. Dr. Brian McGrath told the Financial Times he had little doubt that by then letters of intent to take or pay for the projects proposed 6.5m tons a year output of LNG would have been received.

Secure long-term contracts are essential for the project. Up to A$3bn will have to be spent on production platforms, offshore to onshore pipelines, liquefaction facilities and LNG ships before the project is in full production. Start up is projected for 1984.

Dr. McGrath, who is co-ordinator of the venture which links BHP, Shell, Woodside Petroleum (an Australian quoted company with a large public shareholding), BP and California Asiatic, said that discussions were still being held with potential U.S. utilities which wanted to buy LNG from Australia. However, he indicated that the complexity of the U.S. regulatory approval for LNG imports made it unlikely that the U.S. would be a buyer at this stage. To go ahead, the NW Shelf project needed firm commitments, not ones which might subsequently be overturned by U.S. authorities.

No such problems exist with sales to Japan. As a result it now appears likely that the Japanese will account for all the commitments for NW Shelf gas. Negotiations have been held with several Japanese utilities—which mostly use gas to generate electricity—and also with steel companies which are using increasing amounts of gas due to technological changes in steel-making.

Japan's awareness of the U.S. regulatory problem has clearly strengthened its bargaining position vis-à-vis the NW Shelf partners. However, if any doubts still remained about the willingness of Japanese buyers to commit themselves to long-term contracts for Australian gas they were erased by the Iranian crisis.

It is understood that before the Iran crisis the Japanese looked on Australia as a probable source of supply from the mid-1980s but not essential to their plans. Now, however, there are doubts that Japanese commitment to buy 2.6m tons of Iranian LNG from 1982 will be fulfilled because of project delays.

The Iranian crisis has also emphasised the importance of political stability before investing huge sums in capital-intensive LNG projects, and reminded consumers of the problems of the inelastic LNG market if supplies are interrupted from one tied source. Both Japan and the U.S. oow regard Australia as a particularly favourable source of supply because of its political stability. Also it is not an OPEC member.

The NW Shelf joint venture partners are all responsible for marketing their individual shares of the gas. In practice, however, all have been negotiating as one with potential buyers, except for California Asiatic which has had to take a lone path to avoid U.S. anti-trust laws. While the marketing of the LNG has been proceeding, the joint venture has been going ahead with a A$50m detailed project definition study. This is on target for completion by September and, according to Dr. McGrath, has thrown up no particular problems or surprises.

Go-ahead on the LNG project would be a major boost to the Western Australian economy, and a sorely needed shot in the arm to Australia's capital inflow and balance of payments. It will also be a signal that major mineral projects are on the move again in Australia after several years of being stymied either by poor markets or Federal Government intervention.

It is now eight years since the first major NW Shelf gas find was made and more than five years since it was determined that there was sufficient gas to feed the Western Australian market and support an LNG project of economically viable size. But development was delayed by opposition to gas export, by grandiose but vague plans by the Federal Government for a trans-Australian pipeline grid, and by a constitutional wrangle between the Federal and state Governments over jurisdiction over offshore minerals. Those problems were resolved by 1977 enabling the consortium to move ahead with the detailed studies and marketing that now look very close to fruition.

Car imports take 54% of UK sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IMPORTED CARS won a record 54 per cent of the UK market in January, according to preliminary figures circulating within the industry.

But it was a highly successful month for BL, formerly British Leyland, which was the top manufacturer with a 25.4 per cent market share and sales of 38,069.

This was a big improvement on the 21.3 per cent it achieved in the same month last year and was primarily due to the recovery in the volume car division, Austin Morris.

With sales of the facelifted Princes and those of the Marina doing particularly well, Austin Morris sales were 29,000 against 19,600 in January, 1978, pushing its market share up from 15 per cent to 19.4 per cent.

Total car registrations in January, to be formally published next week, were around 158,000—a 4 per cent improvement on the same month a year ago. That itself a month when the UK car buyers went on a spree, was 33 per cent up on January, 1977, and was surpassed only by January sales in the record year of 1973.

Once again, however, importers gained most from the buoyant market. And the figures show that stocks must have been high so that in January at least sales were not too badly affected by the haulage dispute.

Ford was the major importer and 51 per cent of the 35,163 cars it had registered in January were brought in from overseas. This was expected because the group needed time to build up UK production after last autumn's nine-week strike.

Ford's 23.45 per cent market share probably reflects the lack of stock in dealers' showrooms when the month began.

A big surprise in January was that Chrysler overtook Vauxhall, the General Motors offshoot, to take third place. With registrations of 10,976, Chrysler's market share was 7.3 per cent against 5.4 per cent in the previous January. This obviously had much to do with the success of the "Car of the Year," the French-built Horizon, for 32 per cent of Chrysler cars registered in January were imported.

Vauxhall's market share, at 6.82 per cent, improved on the 6.28 per cent in January, 1978. But in January, 1977, it took 8 per cent and an 8.2 per cent share for the whole of last year.

Rolls seeks approval for big price rise

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ROLLS-ROYCE Motors has submitted another price increase proposal to the Price Commission and has warned dealers that it will be "substantial." Trade sources suggest that it could be as much as 10 per cent.

The group last put up home market prices by 6.5 per cent in September, taking the retail cost of the Silver Shadow to £28,466.

Rolls maintains that it needs the price increase to help fund the major investment programme it is pushing through for diesel engines as well as cars.

This will involve expenditure of about £30m over the next two or three years. It also follows spending of £37m since the group went public in 1973 when it had to "catch up" after production facilities had been starved of funds in the years before the old Rolls-Royce group collapsed financially.

Mr. David Plastow, group managing director, insists, however, that Rolls does not commit any capital expenditure before the capital is provided for, so that there would be no need to call on shareholders for more cash as a result of the investment programme.

Rolls is deliberately vague about car production targets but should make 200 to 300 more this year than the 3,360 produced in 1978—in line with its aim of an average annual volume growth of between 5 and 7 per cent.

Polyethylene price rise of 10%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries is to raise the price of its low density polyethylene (LDPE) by 10 per cent at the beginning of March.

The increase follows an earlier 10 per cent rise that took effect at the start of the year and yesterday the group said it planned to put up LDPE by another 10 per cent in May.

Total ICI price rises of 30 per cent for LDPE by the middle of the year are certain to lead to increases in the price of polythene packaging film.

Government refuses aid to £55m trade complex

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT has decided against giving financial backing to a proposed £55m trade mart complex to be built in the derelict Surrey Docks area of London.

The decision, which follows months of wrangling in Whitehall over the project, is expected to be announced today by Mr. Peter Shore, Environment Secretary.

The proposed 133-acre trade mart was based on a successful mart complex developed in Dallas, Texas, by Mr. Trammell Crow, who runs a Texan property partnership.

The London site would have provided about 1,000 permanent showrooms for manufacturers in the consumer industries, such as clothing, furniture, and giftware. It would also have given retail trade buyers the chance to see a wide range of products on a year round basis, rather than visiting separate trade fairs held in temporary accommodation.

But supporters of the mart saw it as an important factor in as wit as an important factor in the development of the 5,500 acres of unused land in London's docks. It was claimed that the mart would provide several thousand new jobs in an area of high unemployment and pave the way for other building projects in the area.

Increased marketing of British manufacturer's consumer goods—to both UK and overseas buyers—would also benefit consumer industries throughout the UK, the mart's sponsors claim.

Opposition

While Mr. Shore is thought to have favoured the scheme—especially because of its importance for the future of docklands—he faced opposition within Whitehall and the Cabinet.

This was because Trammell Crow was seeking financial guarantees from the Government under the Industry Act for about 80 per cent of the £50m finance needed. Trammell Crow, which as a property partnership usually links its commercial expertise to the strength of a financial institution, was prepared to put some £5m of its own capital into the project.

But the City was reluctant to provide the remaining £50m capital without Government guarantees because it believed the project was untried in the UK and therefore carried an element of risk.

The Industry Department, however, was also unwilling to agree to the financial guarantees, again because of the possible risk involved. It is also thought that some Industry Department officials were unhappy at the Environment Department promoting a scheme requiring finance under the Industry Act.

After several months of negotiations, a personal meeting between Mr. Crow and Mr. Shore earlier this week failed to find an alternative means of financing the project without full government guarantees.

Trammell Crow is expected to maintain its interest in building the trade mart in the Surrey Docks in case alternative finance can be found. But it is also understood to be looking at projects elsewhere in Europe and the Far East where capital is easier to obtain.

Labour amendment to curb company political donations

BY ANDREW TAYLOR

LABOUR backbenchers have proposed an amendment to the Companies Bill which would allow shareholders to restrict political donations made by UK public companies.

The amendment, tabled by Mr. Ian Mikardo, Labour MP for Tower Hamlets, Bethnal Green and Bow, would give shareholders the same rights as trade unionists, who can contract out of political donations made by their union.

The amendment, expected to be heard next week, will be the most contentious yet considered by the standing committee on the Companies Bill. It is still not clear what line the Government will take on the proposal.

Under the terms of the proposal public companies will be required to establish a special fund for political donations — out of income set aside for distribution for shareholders. Individual shareholders will then have the right to contract out of any payment made by the fund.

Mr. Mikardo said that the object of the amendment was not to prohibit public companies from making political contributions but to ensure that shareholders had the same protection as trade unionists.

"Just as Conservative members of my union (Association of Scientific, Technical and Managerial Staff) can say they do not want their money paid to the Labour Party, I want to ensure that shareholders of public companies can say they do not want their funds paid to the Conservatives," said Mr. Mikardo.

He said that amendment, which ASTMS had helped to draft, had wide support in the Labour Party. The wording of the amendment closely resembles that of provisions in the 1913 Trade Union Act, referring to political contributions.

Some Conservative backbenchers — who are strongly opposed to the amendment — were saying yesterday that they believed the Government had decided to abstain from voting on the proposal, but there is now doubt over its position.

Labour supporters of the amendment said that the Government would find it difficult not to support a proposal which had long been strongly advocated by the party.

Check on oil prices 'could hit UK sales'

By Kevin Done, Energy Correspondent

A LARGE oil company has warned the Price Commission that some supplies of oil products in the UK could be endangered if its proposed price increases are now allowed.

All the larger oil companies operating in the UK—Esso, Shell, British Petroleum, Texaco and Mobil—have told the Price Commission that they intend to increase oil product prices later this month.

The increases are expected to average 2p to 3p a gallon, but prices of some products such as petrol could rise by up to 4p a gallon.

The increases are based partly on the very low profitability of the industry's refining and marketing operations—several were operating at a loss fur part of last year—and partly on the increased crude oil prices which have been introduced by the Organisation of Petroleum Exporting Countries from January 1.

The oil industry is concerned that its price notifications might get caught up in the Government's proposed changes to current prices legislation.

UK oil product prices are now among the lowest in Europe, and at least one oil company has told the Price Commission that it is not prepared to go on importing its normal quota of oil products from the Continent if it is forced to sell at a loss.

Any check on the proposed price increases would force it to reduce sales in the UK.

It is unlikely that any other oil company could step in to fill the resulting gap in the market, because of the general tightness of oil product supplies.

This is already shown in the inability of some small oil product traders to meet the normal demands of some independent retailers in the UK.

Prices for oil products on Europe's spot markets rose dramatically last month in response to near panic trading as uncertainty grew over how long Iranian crude oil supplies would be cut off.

It is thought that none of the big UK oil companies have yet warned customers of a cut in product deliveries. But some are having to draw down crude stocks to complete refinery runs, and warnings of some cutting of deliveries could come in the next few weeks as the loss of Iranian crude is reflected more closely in crude deliveries at European ports.

Official figures show public sector wages lag behind

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OFFICIAL FIGURES support the claim by local authority and health service workers that their earnings lagged well behind those of other groups during the three years of formal incomes policy.

A Commons written answer this week by Mr. John Golding, Parliamentary Under-Secretary at the Department of Employment, shows that the earnings of health service workers—in particular women—have risen much more slowly than the pay of other employees.

The estimates are based on average gross weekly earnings, not basic wage rates, in April in 1975, 1976, 1977 and 1978, thus covering most of each of the first three phase of pay restraint. The figures include those affected by the local authority and National Health service auxilliary staffs national negotiations, though the categories are not precise.

Between April 1975 and 1978 the average earnings of male health service workers rose by nearly 36 per cent compared with a 46½ per cent increase in pay in all occupations and a rise of nearly 45 per cent in all manual occupations.

The differences can be explained primarily by the varying impact of pay policy on public and private sector.

In the phase three year, health service earnings rose by 12.1 per cent against a 13.3 per cent increase for all workers.

The contrasts are even larger for women health service staff, whose earnings rose by 34½ per cent between 1975 and 1978 compared with a 51 per cent increase for women workers generally. In 1977-78, the rises were 8 and 12½ per cent respectively.

The comparisons are affected by the base date of April, 1975, since in the 12 months before then the earnings of many groups of public sector workers had risen appreciably faster than in the private sector.

The pay of local authority workers has lagged behind that of other groups by a smaller amount than health service employees—even though a clear gap exists.

The pay of male local authority workers increased by 40 per cent between 1975 and 1978—six percentage points less than the average rise—though the increase was not out of line in 1977-78.

The gross earnings of women local authority workers rose by 41.1 per cent between 1975 and 1978 compared with nearly 51 per cent on average.

David Freud writes: An article on Economic Trends published by the Central Statistical Office showed that the private sector's share of the total employed labour force of about 25m fell from 72.6 per cent in mid-1972 to 70.5 per cent in mid-1976.

It remained at about 70 per cent in 1977, in spite of the transfer of about 150,000 employees to the public corporation sector with the establishment of British Aerospace and British Shipbuilders. The report said that early indications were that this share may have remained at the same level in mid-1978.

AVERAGE GROSS FULL-TIME WEEKLY EARNINGS

	April 1975 £	April 1976 £	April 1977 £	April 1978 £
MEN AGED 21 AND OVER				
All industries and services				
all occupations	60.80	71.80	78.60	89.10
non-manual occupations	68.40	81.60	88.90	100.70
manual occupations	55.70	65.10	71.50	80.70
Local Authority	47.50	55.10	58.80	66.70
Health Service	49.80	57.20	60.40	67.70
WOMEN AGED 18 AND OVER				
All industries and services				
all occupations	37.40	46.20	51.00	56.40
non-manual occupations	39.60	48.80	53.80	59.10
manual occupations	32.10	39.40	43.70	49.40
Local Authority	32.80	39.10	41.50	46.30
Health Service	38.60	44.70	48.10	51.90

Source: Department of Employment

Smaller gap between rich and poor

THE DIFFERENCE between rich and poor households in the UK, after taking taxes and benefits into account, narrowed significantly between 1975 and 1977, according to figures released yesterday.

An article in Economic Trends, published by the Central Statistical Office, shows that the gap between the richest tenth of households and the poorest narrowed by 15 per cent.

In 1975, the richest tenth of households, in terms of income after tax and benefits, were nearly 7½ times better off than the poorest tenth. By 1977 households in the upper bracket were only 6¼ times wealthier.

Households in the top two-fifths of the income scale were net contributors, and in the bottom fifth net recipients of redistribution.

The bottom fifth in terms of original income, containing 12 per cent of individuals, were comparatively large gainers.

Increased

With average original income of £210 per household—or 1 per cent of all original income—their disposable income increased to £1,470 after the effect of direct taxes and cash benefits, and to £1,750 when the effects of indirect taxes and health and education benefits were included. This bought their share of final income to 9 per cent.

Households in the top 20 per cent of income distribution received an average original income of £9,236 in 1977, or 44 per cent of all original income.

As a result of redistribution, their average was reduced to £7,260 of disposable income and to £6,730 of final income, a share of 35 per cent. This group of households contained 26 per cent of individuals compared with 12 per cent in the bottom fifth.

The average cash benefits received by the bottom fifth of households was £1,273 compared with £219 received by the top fifth. Direct tax payments were an average £8 and £2,193 respectively for these two groups.

Wool imports rise threatens jobs

BY RHYS DAVID, TEXTILES CORRESPONDENT

EMPLOYMENT in wool textiles, one of the more successful UK textile sectors, is expected to fall in the next two years as a result of increased competition both in the UK and in overseas markets.

The industry's economic development committee in its latest report has had to reduce its estimate of export sales and make an upward revision in import penetration. It has concluded that the number of production workers in 1980 is more likely to be in the range of 47,000 to 53,600 than the earlier figure of 54,500 to 63,800.

The report says that as a result of expenditure under the Government's Industry Act aid scheme, which helped to secure investment totalling around £100m, the industry has plant as well equipped and as modern as that of its main competitors.

It also has some of the lowest labour costs in Europe.

Despite this, there has been a growth in imports from both low and high cost sources. Imports from Italy of woollen—as opposed to worsted—fabrics are now considered to be seriously threatening the survival of woollen manufacturing in Yorkshire, accounting for half of the market compared with only a third three years ago.

Italy increased its exports of woollen fabrics to the UK in the first half of last year by more than 50 per cent.

There is also concern over the trend in exports, which accounted last year for nearly 40 per cent of the industry's sales and were worth more than £400m. After achieving substantial increases in exports between 1975 and 1977 of fabrics and yarns, the industry saw its exports of nearly all products except worsted fabrics fall in the first half of 1978.

The report warns that with production falling and further productivity improvements likely as a result of investment, there is likely to be a reduction in manpower requirements unless there is a marked increase in output.

The development committee concludes that there will have to be continuing vigilance to ensure that EEC policy protects the European textile industry from low cost or subsidised imports.

Private health care claims 8m subscribers

BY ERIC SHORT

THE NUMBER of people who would like to have private medical treatment in preference to the National Health Service has doubled over the past three years, Mr. Derek Damerell, chief executive of the British United Provident Association, the largest medical insurance agency in the UK, said yesterday.

At the launching of a new BUPA insurance plan, Mr. Damerell said that there had been a dramatic change in the outlook of the general public towards private medicine. Now BUPA estimated that about eight million people would seek private treatment if they became ill.

There was also a growing demand by both blue and white collar workers for health insurance to enable them to use private medical facilities. About 20 per cent of BUPA's members were trade unionists.

BUPA plans to build a new hospital in London, which will be the biggest in the private sector. Health insurance has recovered from the decline in membership in the mid-1970s—BUPA recorded a 4 per cent rise in membership last year.

Mr. Damerell was emphatic that the private sector of medicine complemented the NHS services and did not operate in opposition.

Gas and oil projects offered Euroloans

THE EUROPEAN Commission wants applications for the fifth round of interest-free loans for projects involving new technological development in the exploration, production, transport and storage of oil and gas.

The Commission is making £13.5m available for loans of between 30 per cent and 40 per cent of the total cost of a project. The loans are repayable on projects which are exploited commercially. The closing date for applications is expected to be towards the end of May.

The interest-free loan scheme was introduced in 1973 and so far £82m has been made available with £24m of this going to UK companies.

The Energy Department has prepared a booklet, Community Projects in the Hydrocarbons Sector, which is aimed at helping British companies to take advantage of the scheme.

RHYS DAVID SPOTLIGHTS ONE AREA'S JOB CRISIS

Why the Mersey sound is gloomy

OPTIMISTS who thought that for the Merseyside economy there could never be another year quite like 1978 must already be having their doubts. For after only one month of the New Year, more than 3,000 redundancies have been announced by just two companies to add to the 14,000 job losses in hig companies alone last year.

The latest losses are at Plessey, which is reducing staff further at its huge Edge Lane factory where at the start of this decade more than 10,000 people were employed.

The number before yesterday's announcement had already fallen to only 4,200 and will be reduced now by a further 800. The entire workforce could be at risk if it proves impossible to introduce a modernisation plan.

Less than two weeks ago, it was Dunlop which announced that it would be closing its Speke factory with the loss of 2,400 jobs and in both cases changes in technology are being blamed.

The replacement of cross-ply by longer-lasting radial tyres, the decline in the UK original equipment market as a result of car imports, and the rapid growth of tyre imports from Eastern Europe have all forced on Dunlop a major rationalisation of its UK production facilities.

Plessey's labour requirements have been hit by a similar switch from electro-mechanical telephone exchanges requiring complicated assembly work to modern electronic exchanges using printed circuits.

But although changing technology has played its part—particularly in these two closures—the question that remains unanswered is why, when companies choose to rationalise, the blow so often falls hardest on Merseyside.

At such a time it is frequently the Merseyside factories of big companies which turn out not to have been receiving a continued updating of investment or a share of growing activity sufficient to compensate for declining areas.

There are of course exceptions—notably Ford which is ploughing back about £200m into its Halewood plant to fund production of parts for its planned Erica car.

Other groups too, such as Tate and Lyle, have made efforts to develop completely new businesses—in Tate and Lyle's case chemicals from sugar—to compensate for a contraction in cane refining brought about by EEC agricultural policy.

Plessey itself has built a new factory at Huyton in Liverpool to manufacture the new exchanges employing around 1,100 people, and the wider area around Merseyside has won itself a stake in the expanding micro-circuitry field with the announcement yesterday that GEC-Fairchild is to set up a plant in Cheshire to manufacture silicone chips.

The difficult task for planners trying to revitalise the area, however, is that many companies are not reluctant — despite acute skill shortages — to disband their labour force on Merseyside particularly if their roots are elsewhere in the country.

British Leyland which only moved to Liverpool in the 1960s decided last year to transfer production of its TR7 sports car back to Coventry, the headquarters of its Triumph subsidiary.

Lucas, which has been making aerospace equipment in Liverpool since the war, also decided to concentrate production in the Midlands, though it was subsequently persuaded to build a new factory in Liverpool to compensate for the closure of its Victor works.

The explanations for this are no doubt various but one factor to which a number of companies are prepared to point is labour attitudes.

The vast bulk of Merseyside's 600,000-strong labour force is prepared to work as hard as people in any other part of the country.

There are a number of companies however which are concerned at low rates of productivity and above-average levels of absenteeism.

These are seen as potentially much more damaging to prospects of running a business successfully than strike action—an area in which Merseyside, despite its reputation, is probably no worse than many other conurbations.

The problems which many companies experience are capable of solution with good management but the danger is that they have become self-perpetuating.

Workers made redundant several times develop a work-sharing mentality which is itself expressed in low productivity and an unwillingness to accept change.

The burden of achieving change has fallen on Merseyside County Council which now has a wide programme of action designed together with aid available from the Government to ensure that physical, financial and environmental obstacles to development are eliminated.

It is now accepted that projects like the GEC-Fairchild scheme are going to be few and far between and much of the effort is being concentrated on building up local enterprises with an understanding of local difficulties and a commitment to the area.

Many of these local concerns were themselves the victims of land clearance policies within Liverpool and their removal produced the first big wave of job losses.

The county council announced yesterday that it was taking compulsory purchase powers to enable it to acquire a large porton of the 400-acre South Docks site now surplus to the Port of Liverpool's requirement.

There can be few doubts, however, that success will be heavily dependent on the extent to which the people of the area are prepared to pitch into an "Operation Bootstraps" approach of this sort.

Merseyside now badly needs to show the world that its workforce is anxious and willing to get on with the job and to do it efficiently.

Auction record of £5,500 for Bru doll

A BRU DOLL fetched £5,500 at Christie's, South Kensington, yesterday. It was made in Paris and the price was believed to be an auction record for a Bru doll.

At Christie's, King Street, English furniture totalled £63,295 with top prices of £2,600 for a satinwood Carlton House desk, to Sternberg, and £1,750 for a William and Mary walnut chest. The same sum secured an Edwardian painted Carlton House desk.

At Phillips, a folio of 40 plates by Alphonse Mucha entitled Figures Decoratives made £1,300 in an art nouveau sale. Four panels representing Scientific instruments, watches and clocks totalled £171,134 at Sotheby's. Banham bought a George III mahogany longcase clock for £5,800 and a tortoiseshell and gilt metal musical bracket clock, made for the Turkish market, sold for £5,000.

Banham also secured a small walnut regulator by Frodsham for £4,400.

At Sotheby's, Belgravia, objects of vertu realised £43,888.

At Bonhams, furniture totalled £22,940.

SALEROOM

BY ANTONY THORNCROFT

Big groups head growth in sales

BY PAUL TAYLOR

SALES IN Britain's shops increased by 13 per cent to almost £39bn in 1977, according to provisional figures published by the Government yesterday. The large multiple stores showed the fastest sales growth, accounting for over 52 per cent of total sales.

The survey results, published in Trade and Industry, were based on returns from about 7 per cent of Britain's 281,103 retailers, including virtually all the largest stores.

The 13 per cent growth figure is similar to that shown by the monthly retail sales index. Turnover of single outlet retailers grew least rapidly, by about 9 per cent, in contrast to the multiple retailers who increased sales by 15 per cent.

By business grouping the sharpest rises in turnover were recorded by the confectionery, tobacconist and newsagent group and in mixed retail businesses, but this may in part reflect reclassification. The smallest increase was shown in clothing and footwear.

In total the 385,954 retail outlets employed more than 2.4m people and made gross profits of £10.1bn on sales of £38.88bn. Total capital expenditure during the year was £886m, stock ratio to turnover increased to 8.1, and gross margins as a percentage of turnover averaged 27.4 per cent.

Within the size classification large multiple retailers accounted for £20.4bn in sales, employed 1.1m people and shared the highest gross margin of 28.5 per cent with the small multiple retailers.

By business grouping the 52,162 grocers and general food retailers, with a total turnover of £7.8bn, had the lowest gross margins at 18.5 per cent. Household goods retailers with total turnover of £5.4bn had the highest net capital expenditure, £269m, and the highest gross margins at 40.4 per cent. The 37,541 clothing and footwear retailers had a turnover of £3.6bn and margins of 38.5 per cent.

The 2,120 mixed retail businesses employed about 600,000 people, accounted for about 28 per cent of total turnover and returned gross margins of 28.8 per cent.

Company profits 'may come under pressure'

BY DAVID FREUD

PROFITABILITY in the corporate sector has been partially restored over the last three years after the financing crisis of 1974 and 1975, according to City stockbrokers Wood Mackenzie.

In its latest circular, published yesterday, the firm says it expects the profits recovery to have continued in the second half of last year and into 1979.

But, by the end of this year the trend may be less favourable and with a slowdown in economy activity, profit margins may once again come under pressure.

"It is too early to estimate the impact on profits and finances since the trend in UK inflation and the sterling exchange rate are important variables, but at this stage, we are adopting a cautious view of prospects in 1980," it says.

Liquidity has improved dramatically since the end of 1974, when the firm's sample of companies had a combined deficit of £1bn.

During 1975 and 1976 the companies sought to restore the position by raising equity finance. There was also recourse to other forms of borrowing, particularly overseas.

Inflation effects

"Consequently, by the end of 1976 the liquid position had been fully restored and an overall positive balance achieved. Since then, it has been a feature of many balance-sheets that a high cash content has been maintained."

The firm says that the effect of inflation over the 10 years from 1969 has been to reduce the revenue return to equity shareholders.

Adjusting for the increased value of net fixed assets and implementing the Hyde inflation guidelines and the accounting standard on deferred taxation (SSAP15), the return has fallen from an average of 7.6 per cent over the first five years to 6.2 per cent over the latter period.

Pre-tax profit margins, on a historic cost basis, are expected to increase by 8.5 per cent in the current year, slightly up on the 8 per cent increase estimated for last year.

Turnover is forecast to rise by 12.5 per cent and pre-tax profits by 14 per cent, down from the firm's earlier projection of 16 per cent. However, if wage settlements emerge for the present disputes at a significantly higher level than previously expected, the firm warns that a further downward revision in the projections may be needed.

Beer production up 1.8% last year

BEER PRODUCTION last year rose slightly less than 2 per cent according to figures released by the Brewers' Society.

Total production for 1978 was 40.6m bulk barrels, an increase of 1.8 per cent on 1977. In December, production was down by 11.6 per cent to slightly more than 3m barrels.

The society said the December fall had been expected after the very high production levels of October and November when the trade was stocking up for Christmas and New Year trade.

It said the total was in line with forecasts made at the beginning of last year.

Beer consumption in January is likely to be reduced further by the effects of the lorry drivers' strike and poor weather.

UK oil output at peak

By Kevin Done, Energy Correspondent

CRUDE OIL production in the UK fell short of Government forecasts last year, but in December the North Sea oil fields were producing at a record level.

Production last year totalled 52.8m tonnes compared with Department of Energy forecasts in the spring of 55m to 65m tonnes. A later forecast was made in November of 53m to 54m tonnes.

The lower production rate was caused by delays in some fields coming on stream and by technical difficulties.

The average daily crude production in December was 1,348,251 barrels compared with 1,281,912 barrels in November, the Department of Energy said yesterday.

Total output in December was 5,587,015 tonnes compared with 5,137,542 tonnes in November.

Production of crude oil from the North Sea since June 1975, when the first oil was landed from the Argyll Field, totalled more than 102m tonnes by the end of December.

The UK should reach self-sufficiency in crude oil production next year.

Consumers demand say on State industries

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE DOMINANCE of the nationalised industries over the consumer amounts "virtually to a power of taxation," the National Consumer Council claimed yesterday.

The council, in evidence to a sub-committee of the Commons select committee on nationalised industries, emphasised its "strong belief in the principle of consumer representation in the nationalised industries."

Although the nationalised industries provided goods and services on a commercial basis, it said, "consumers have little ability to signal their wishes to the industry by use of their buying power.

"Unless there is a strong consumer involvement in policy making, there is a natural tendency for the professionals in the industry concerned to organise it in such a way that the concentration is on the development of production rather than on meeting more effectively the needs of the people."

The council called for more public accountability of nationalised industries and suggested that consumer representatives on the decision-making bodies in the various industries "have an important part to play in this."

The Government has already promised to introduce legislation in March to give more power to consumer interests in nationalised industries.

British Nuclear Fuels wants Wastwater supply

BRITISH Nuclear Fuels would rather take water from Wastwater in Cumbria to feed its Windscale and Calder works than from Ennerdale, which the North West Water Authority wants to raise by four feet to supply the company's needs.

The company said yesterday that supplies in Wastwater were pure and abstraction would not cause environmental damage. Water from Ennerdale would need to be treated. The company needs to increase its consumption from 9.5m to 16.5m gallons a day.

The Ennerdale scheme is being opposed by the Lake District National Park, local authorities and environmentalists.

Toys inquiry 'unjust burden' says survey

BY ARNOLD KRANSDORFF

THE PRICE COMMISSION's inquiry into the toys and games market, announced by the Government just before Christmas, wes yesterday described as an "unjust burden" to impose on the industry at this time.

Mr. John Stevens, of stockbrokers Grieveson Grant, says in the latest Jordan survey on the sector that there is little evidence of any clear monopolies in the industry, let alone misuse of monopoly power.

Referring to manufacturers' past profits performance, he says: "The figures showing pre-tax profits as a percentage of sales do not provide any substantial evidence of excessive profits being made.

"Indeed, sucb a situation would be most unlikely given the intensely competitive nature of the industry and the need to maintain a sharp entrepeneurial approach, if a strong competitive position is to be held."

He adds: "Governments do strange things as an election year approaches so the industry should not, perhaps, have been too surprised."

Although there had apparently been complaints from consumers about prices, most people connected with the industry would emphasise that one of its main characteristics recently was that prices had been under steady pressure.

If a consumer considered a product too expensive, he had only to select a different product elsewhere which appeared to be better value.

The Price Commission's report is expected to be published in time for possible pricing adjustments to be made before the Christmas toy rush starts in December.

Ulster companies win grants for expansion

BY OUR BELFAST CORRESPONDENT

THE NORTHERN Ireland Department of Commerce is to give grants for two expansion programmes in the paper and packaging industries providing nearly 90 jobs.

Some aid — announced yesterday — will be for a £2.5m re-equipment scheme undertaken by North of Ireland Paper Mills at Larne, County Antrim, and by its subsidiary, Invercon, which manufacturers toilet rolls and paper towels. About 55 jobs will be provided.

The two companies and their associated marketing company, United Paper Merchants, are part of a Dutch group, Buehrmann-Tetterode.

Finlay Packaging of Belfast will receive assistance towards a £1.2m re-equipment programme. It should provide 32 more jobs in a high unemployment area.

BOC forms new division

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BOC IS TO put all its cryogenic engineering and contracting operations within a single, new division in early March.

The new cryogenics division —the term covers processes that are carried out at extremely low temperatures of −196C or more —will incorporate Cryoplants, Fuel Gas and Engineering Services, Cryogenic Refrigeration Systems and Techsep. These operations are all either wholly owned BOC subsidiaries or sectors of existing BOC divisions.

The biggest part of the division will be Cryoplants which designs and makes air separation units — these cool and liquefy air and split it into its component gases including oxygen and nitrogen. Last year Cryoplants had exports worth £15.5m.

The new division, which will be headed by Mr. Paul Charlesworth, the managing director of Cryoplants, will be based at Edmonton, North London.

CONTRACTS

Orders worth £4.7m

DOWSETT ENGINEERING CONSTRUCTION has been awarded three contracts worth £4.7m. The largest is valued at £2.07m and involves the construction of an amenity building, workshops, stores and a substation at Gascoigne Wood, Selby coal field, for the National Coal Board. The other two contracts are a £1.1m retail store extension in Whitefriargate Street, Hull, for the Littlewoods Organisation and a major telephone exchange extension at Rotherham costing £635,000 for the Property Services Agency.

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PLESSEY AVIONICS AND COMMUNICATIONS has received three orders worth £200,000 for PRD1100 Mk. II systems. The first, from the Post Office, was for supply and installation of the Thrumster Shore terminal of the Beatrice oil field link. The most recent, from British Petroleum, was for a package to expand the capacity of the BP Forties field communication system. The PRD1100 Mk. II multi-channel equipment provides a high-grade radio bearer in the 400 MHz, 960 MHz and 1.7-1.9 GHz frequency bands with a channel capacity of up to 72-132 depending on the band. The PRD1100 Mk. 11 complies with the Post Office specification RC 4030 as a high-grade bearer for up to 132 channels and is therefore suitable for carrying circuits for connection into the Post Office telecommunications inland network.

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BSP INTERNATIONAL FOUNDATIONS has won a £700,000 order from the state construction company of Iraq for four VW90 vibro rigs. Also included in this order are 4-ton vibro hammers, skips, links, a large stock of tube heads and caps and two vibro leads.

UK NEWS

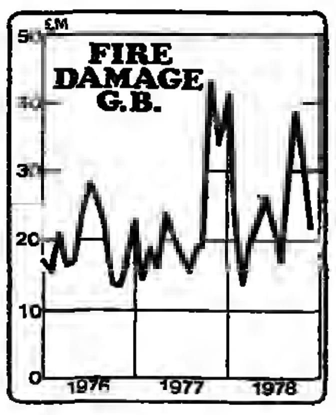
Fire costs a record £309m last year

BY ERIC SHORT

FIRE DAMAGE costs in Britain last year soared to a record level of £309.3m, according to figures issued yesterday by the British Insurance Association.

That figure is 1? per cent up on 1977, which [illegible].7m was also a record. [illegible] figure quoted by the B[illegible] [illegible]es both insured and uni[illegible] damage, but not the cost [illegible]ing from lost production, orders and exports. Thus it very much understates the true cost to the economy, and the insurance industry.

The costs for 1977, however, were affected by the firemen's strike, which started in the middle of November. The 1978 results were much less affected, because the strike ended on January 16. Thus the underlying growth in fire damage was much higher than the recorded 18 per cent.



The rise in costs occurred mainly in September to November when the aggregate was £101.8m—26 per cent higher than in the same period in 1977 despite the strike. This figure was mainly the result of a number of large fires, with damage in excess of £1m in each case. There were 14 such fires costing £32.4m out of the £101.8m total.

In all, there were 40 major fires in 1978, compared with 19 in 1977. But the number costing more than £25,000 was only slightly higher at 1,148 against 1,117 in 1977. So it was the amount of major fires that accounted for the rise in costs.

Fire damage costs in December at £21.4m were over £10m lower than November and £12m lower than in December 1977. The close down in industry over Christmas is believed to be the main reason for this fall.

There were two major fires—at Southdown College, Portsmouth and at a steel foundry in Guisborough, Cleveland. There were 13 fires where damage in each case was at least £250,000.

Distillers increases some whisky prices

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE DISTILLERS Company yesterday raised the prices for a number of its whisky brands by at least 10p a bottle following the Price Commission's decision not to investigate the increases.

The brands covered by the price rises are those whose prices were sharply raised a year ago to protect its sales in export markets.

This followed the European Commission's ruling that Distillers could not adopt a dual-price structure by which it charged a higher price in Europe than in the UK. The higher European price was aimed at protecting Distillers' European whisky distributors. This dispute led to Distillers withdrawing its best-selling Johnnie Walker Red Label whisky from the UK market and adding 50p to the wholesale price of other major exporting brands.

But this year Distillers has only added 10p a bottle to the UK wholesale price of Johnnie Walker Black Label, Dewar's, Black and White, and Vat 69 brands.

The Antiquary brand has gone up by 50p a bottle on the wholesale price.

Distillers is also expected to notify the Price Commission soon of its intention to raise prices for its main UK brands, such as Haig and White Horse, which were last increased in price in August.

Meanwhile, Allied Breweries has become the first of the major breweries to announce a 3p per pint price rise from February 14. The other breweries are expected to follow shortly, although at least one is likely to have its increase investigated by the Price Commission.

● Customs and Excise has tightened up the rules on disposal of duty-free samples of whisky used by manufacturers for testing, in line with a recommendation by the Commons Public Accounts Committee in August.

The committee criticised the trade practice by which distillers sometimes sold unconsumed duty-free samples with duty-paid whisky, costing the Exchequer £?m a year. It arose through a duty-free allowance for test sampling of up to a tenth of a gallon of each 48 galls. of spirit in bonded warehouses.

Under new regulations, if a sample or "remnant" of a sample is not required for the purpose authorised, it must be returned to the warehouse or destroyed. Otherwise duty is payable. Records must be kept.

Shell plant to make additives

By Sue Cameron, Chemicals Correspondent

SHELL CHEMICALS UK is to build a £10m lubricating oil additives plant at its Stanlow complex near Ellesmere Port, Cheshire.

Building will start within the next few months and the plant is scheduled to come on stream in 1981. Shell Chemicals would not disclose the capacity of the plant for commercial reasons, but it is thought it will be about 10,000 tonnes a year. It is being designed by Shell engineers and the process to be used has been developed by Shell research scientists.

The plant will produce ashless dispersants which are added to lubricants used in gasoline and diesel engines to reduce the formation of sludge deposits. The dispersants, which are derived from polyisobutene and maleic anhydride, will be mainly used at a Shell plant in Ghent, Belgium, where they will be blended into additive packages.

Shell Chemicals has not previously produced ashless dispersants and the project marks an expansion of the company's additive production business. Ashless dispersants can account for up to half the additives put into a lubricant.

UK engineering fears Iran crisis will hit growth

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE ENGINEERING industry is offered little prospect of growth this year due to the expected slow-down in export markets in the wake of the Iranian crisis.

The forecast, from the Engineering Employers Federation, says that the home market for engineering products "cannot be expected to expand very greatly" in the light of predictions that the UK economy will grow more slowly in 1979.

At the same time export markets, which did much to boost the engineering industry's order books in the latter half of 1978, offer prospects "less good than once had been hoped, as world trade growth will be slowed down in the wake of the troubles in Iran."

Iran accounts for about 3 per cent of the industry's exports, but more damaging than its possible loss of all this market is the effect that lost Iranian oil production will have on the growth in world trade.

The federation's commentary, based on the latest official statistics, was drawn up before the road haulage strike. This is expected to result in a slight drop in engineering production for January and February, although the industry is expected to make this up later. More disturbing, however, is the effect that non-delivery of goods due to the strike is likely to have on export orders.

The expected cancellation of some orders during the year will come when the strength of sterling is making UK exports less competitive. The federation's view is that the industry has gained little from North Sea oil, which has kept the pound high, while much of the increased national income has been spent on imports.

It sees the 1978 level of home market orders and sales for engineering products as "very disappointing in view of the quite rapid growth of the UK economy."

Analysts gloomy on Budget prospects

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INCREASED pessimism about the outcome of the current pay round and about the size of tax increases or public spending cuts in the spring Budget has been expressed by several City analysts in a series of recent brokers' reviews.

The latest, published today by brokers Phillips and Drew, says that prospects for this pay round have clearly worsened considerably. Accordingly, the firm has revised upwards its previous estimate of a 10 to 12 per cent earnings out-turn in the current round up to about 14 per cent.

This incorporates a 12 per cent rise in average public sector pay and a 15 per cent increase in the private sector.

If this turns out to be the case and personal tax allowances are increased in line with inflation in the spring Budget, the public sector borrowing requirement in 1979-80 might be around £9½bn to £10bn.

Phillips and Drew argues that to achieve an £8½bn figure for the year—treated by Mr. Denis Healey, the Chancellor as a ceiling—would require a £1½bn to £2bn offset to the indexation of personal tax allowances through higher taxes elsewhere or perhaps public spending cuts.

The offset required is larger than the consequent reduction in public sector borrowing because of the tendency of the latter to rise as economic activity slows.

In the forecasts it is assumed that indexation of personal tax allowances will be offset by a combination of higher indirect taxes (possibly in the former of a further surcharge on employers' national insurance contributions) and public spending cuts.

The growth of real Gross Domestic Product is expected to decline significantly, mainly because of a rapid tapering in the growth of real consumer spending.

After an expansion of total output of 3 per cent in calendar 1978, 2 per cent growth is projected for 1979 and 1980. This implies that adult unemployment will ba on a raising trend from the middle of this year to at least the end of 1980.

Brokers Fielding Newson-Smith are more optimistic about public sector borrowing and remain strategically bullish in the medium-term about the gilt-edged market.

But it is not tactically bearish for the next few months because of what the firm describes as "the strong wage push that has emerged quite unexpectedly since Christmas."

The firm warns that if the growth of the money stock in the next month or two threatens to breach the upper target limit, as it expects, then there will probably need to be a call for special deposits, a further rise in Minimum Lending Rate and a cut in the price in the gilt-edged tap stocks.

Company failures continue to fall

BY JAMES BARTHOLOMEW

THE NUMBER of company liquidations continued to fall in the last quarter of 1978, according to today's issue of the Department of Trade's publication, Trade and Industry.

Company liquidations, seasonally adjusted, fell 8 per cent compared with the previous quarter. The fall from the same period in 1977 was greater at 17 per cent. This continues the trend which began in the third quarter of 1977 and brings company liquidations down to their lowest level since the third quarter of 1974.

The total of 5,080 liquidations for last year is 13 per cent lower than in 1977 and the lowest since 1974.

Receiverships

The fall over the last year has been almost entirely due to a drop in creditors' voluntary liquidations. In contrast, the number of compulsory liquidations has fallen only slightly. Historically, creditors' voluntary liquidations have been the higher of the two. But for the first time since at least 1967, compulsory liquidations are in the majority.

The trade in bankruptcies is less clear. They dropped markedly in 1977 after a change in the monetary limits in bankruptcy proceedings and higher deposits on petitions. So, although the total of receiving orders fell again last year—by 13 per cent—this could be an exaggeration of the underlying movement.

Volkswagen and MAN trucks in UK venture

Financial Times Reporter

A JOINT distribution company in the UK for MAN, the West German truck manufacturer, and Volkswagen, became fully operational yesterday.

The new company, MAN-VW Truck and Bus, is intended to strengthep existing commercial vehicle links.

The UK is the first country where agreement has been reached and the two companies intend to set up similar links in all European markets.

The marketing company is owned jointly by the two manufacturers and their distributor, Tozer, Kemsley and Millbourn (TKM) and Volkswagen (GB) a Lonrho subsidiary.

The move follows an agreement in 1977 between Volkswagen AG and the Maschinenfabrik Augsburg Nurnberg AG to co-operate on truck production in the 6 to 9 tonnes range—which is not yet covered by either company.

Next year, TKM is to lose its BMW franchise in the UK but it is going to keep its big premises at Dover (a pre-delivery inspection and parts centre) and these will probably be used by MAN-VW Truck and Bus.

Tarling's Lords bid to halt extradition fails

MR. RICHARD TARLING, former chairman of Haw Par Brothers International, failed yesterday in a new court bid to avoid extradition to Singapore on five company law charges.


Mr. Richard Tarling

The House of Lords Appeal Committe refuaed Mr. Tarling leave to challenge a ruling by the Queen'a Bench Divisional Court in December that it would be neither "nnjuat" nor "oppressive" to require Mr. Tarling to return to Singapore to face the charges.

Mr. Tarling, once a business colleagua of Mr. Jim Slater, the financier, afterwards declined to comment on the Lords' decision, but his lawyers said that they would consider petitioning the Home Secretary.

Mr. Tarling's counsel, Mr. Louis Blom-Cooper, QC, had submitted that the Divisional Court bad taken a too restricted view of the case.

It had not taken into account that Mr. Tarling had not bean an executive director of Haw Par and had received no remuneration from them, nor that he had taken professional advice on what should go into the Haw Par accounts.

"It is not simply a question that Mr. Tarling has a defence under the Companiea Act of Singapore," said Mr. Blom-Cooper. "But the prosecution cannot even establish a case for a conviction under Singapore law."

Mr. Tarling's application for leave to appeal to the Lords was opposed by the Singapore Government.

It was his second such application to the Lords. On the first occasion he was given leave to appeal and after a hearing in January, 1978, the Lords threw out one of the charges against him.

Big demand forecast for car components

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INCREASE in demand for primary motor components, such as tyres and batterys, is forecast by AC Delco, the European component division of General Motors, but it warns that Europe's manufacturers will be forced to consolidate.

It expects the European market for primary components to rise from the current £9bn a year to around £10.5bn at current retail values by 1985.

But as more car manufacturers turn to common components the number of suppliers will shrink suggests the group in a report covering the industry across Western Europe.

It says that in the U.S. three big manufacturers produce 9m vehicles a year and there are about 30 major component suppliers.

In Europe 12 big manufacturers produce only slightly more vehicles and are supplied by 290 important components makers.

The report suggests that only the financially large component suppliers will have the resources to keep pace with changes in technology and output.

"It now costs £50m to develop a new model and get it into production. When you remember that 35 to 40 per cent of its value is going to be in bought-in components you are talking about research and development on a huge scale by suppliers and that means they have to be big," Mr. Peter Batchelor, the company's sales director said yesterday.

The report expects the use of the microprocessor to eventually eliminate some of the 7,500 or so moving parts in the average family saloon car and reduce the potential for deterioration and the need for repair or replacement.

"Ten years ago the average car probably had at most two electronic components and one of them was a radio, if fitted. Today there may be as many as 12 and by 1988, on some more advanced vehicles, up to 52," it says.

The report expects the UK market for primary components to rise from £1.3bn to £1.5bn a year by 1985.

The UK would therefore, it says, remain fourth-largest individual market behind West Germany, where the current £2bn demand should rise to £2.36bn with France, forecast to grow from £1.84bn to £2.07bn; and Italy, expected to go up from £1.44bn to £1.7bn.

Original equipment accounts for roughly 25 per cent of the European total and the replacement market for the rest, indicates the importance of this part of the business.

Lloyds blazes trail for banks

NEWS ANALYSIS ● HOME LOANS

BY DAVID FREUD AND MICHAEL LAFFERTY

LLOYDS BANK'S decision to enter the home loans businesa has aent a ripple of excitemant through the UK financial community. Clearly, for many people, it represents the beginning of a big push by the clearing banks to enter a market which has hitherto been virtually the sole preserve of the building societies.

Nevertheless, the move is not entirely unexpected. A number of U.S. financial institutions have been in the same market in the UK for the past two years. Most important of these is Citibank Trust, part of America's giant Citicorp, which first started lending money for house purchase in the UK in 1976. Others include Security Pacific Finance and Boston Trust and Savings.

Expensive

These North American institutions identified a clear gap in the UK housing finance market, having started off in the less glamorous second mortgage business. This gap comes at the expensive end of the housing market—for houses costing £25,000 and more—where building societies are lending less than 1 per cent of their funds.

This is the market Lloyds ia now aiming at. Typically, it will lend between £25,000 and £50,000, but will go as high as £150,000 for the right customer. This is not as extraordinary as it may sound: the average price of a house in Greater London for previous owner-occupiers is already £25,000.

The lending rules are fairly similar to those applied by the building societies: loans will be based on a multiple of 2½ times income, restricted to 80 per cent of the house price, and will have a term of 20 years. Lloyds will not be lending for the purchase of specialised or investment properties.

Probably the most important feature of the scheme is the interest rate. To start with, this is being set at 3 per cent over bank base rate, which comes out at 15½ per cent. Lloyds say it may eventually shave the mark-up to 2½ per cent. Either way, a rough comparison is provided by average building society rates for loans of a similar size of about 14 per cent. The problem for most people is that, in practice, the building societies have not been able to lend the amounts of money Lloyds is talking about as a minimum.

Up to now, buyers of more expensive houses have very often had to put together combinations of long-term building society and shorter term bank finance. Such exercises can often be frustrating, so it is highly likely that the Lloyds scheme will be welcomed by the type of cuatomers it is aimed at: "riaing youog executives, aolicitors, accountants, and directors who are well advanced in tbeir carrers."

The prospect of being able to negotiate a complete house mortgage deal for loans of this size at one visit to a bank manager obviously has its attractions when compared with the uncertainty of dealing with the typical building society manager.

To start with, Lloyds has allocated £20m for home loans. According to Fred Crawley, deputy chief general manager, it is just a "toe in the water." He sees it as "a modest scheme to start with, which will be very flexible, and adds to the range of Lloyds customer services." And five years from now? "We—the clearing banks—shall certainly be a much more significant force in the mortgage market," says Mr. Crawley.

Within a year—or as soon as the "corset" lending controls on the banks are relaxed—Lloyds looks like being joined by Barclays Bank. In best competitive spirit, Barclays is saying that, when it does join the mortgage market, it will do so on a broader range and at competitive ratea. By implication therefore, it will be lending much more in direct competition with the building societies than Lloyds.

Barclays may ba joined in the average to lower end of the mortgage business by the Trustee Savings Banks, which are also considering plans for home loans. The banks are already operating a pilot home loans scheme for the Channel Islands.

Mr. Crawley says the Lloyds scheme will enable people to trade up more easily, leaving houses lower down the market free for people to move into. "Up to now the upper end of the market has been inadequately served for mortgage finance."

The reaction of the building societies is that Lloyds is not trying to compete directly with them. There is even some cautious welcome for the move. The average building society loan is about £11,000, and loans of more than £20,000 represent less than 1 per cent of total lending.

Helpful move

The Building Societies Association says the Lloyds move cannot be regarded as competition. "The movement has a limited amount of money available and it has decided to concentrate on the lower end of the spectrum."

Mr. Len Williams, chief general manager of the Nationwide, believes the move could help the housing market as a whole.

Mr. Ron Basher, managing director of Security Pacific, said the Lloyds decision did not surprise him. "The impression ia that it is just the first of the British banks to come into this market."

He added: "Home loans is business and it is very good business. There is a demand at this end of the market and it is very difficult for people to get mortgages of more than £25,000. Yet we are not talking about palaces. For £25,000 nowadays you only get a very ordinary house."

HIGHER MORTGAGE ALTERNATIVES

In each case the interest is variable

	Size of loan	Term (years)	Approximate interest rate %
Citibank Trust	£ 5,000-£ 50,000	20	18.6
Boston Trust	£ 5,000-£ 40,000	20	15
Security Pacific	£25,000-£100,000	15	15-16½
Lloyds Bank	£25,000-£150,000	20	15½
Building Societies	Rarely above £ 29,000	25	14

Disruption threat at BL Cars over parity pay

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' hopes of averting industrial disruption by its 100,000 manual workers rest on a key meting with union negotiators today.

Shop stewards forecast a walkout last night in protest at the company's refusal to go ahead with parity payments, worth up to £10 a week to some employees.

BL says that the low output levels because of the road haulage dispute and internal problems mean the cash has not been earned to continue the parity programme—the same pay for the same job.

Stewards point to the resentment among workers who voted by a 2-1 majority before Christmas for a total package which would have yielded an increase in earnings of between 15 and 16 per cent.

Without the parity payments and the overtime and shift allowances due under a national agreement, workers will now be reduced to a straight 5 per cent annual wage increase. Stewards argue that the company has reneged upon its commitments and that workers will not accept 5 per cent at a time when wage increases are running at between three and four times that level.

The company has been consistent in arguing that parity payments must be self-financing. Management will no doubt be at pains today to point out that the commitment to parity remains and that the programme can go ahead as soon as production picks up.

Ona initiative management might consider would be to raise the issue of incentive payments. A scheme tabled last autumn offered the prospect of additional earnings of £15 n week in return for a 20 per cent improvement in output.

The unions, largely because of concern about the employment implications, have allowed the issue to remain dormant. Management may hope its tough line might make the incentive package appear more attractive.

Civil Servants plan one-day strike

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVANTS in the service's two largest trada unions will open their pay battle in earnest in three weeks' time with a one-day national strike and possible further selective action in support of their claims for rises of between 15 and 30 per cent.

All nina white-collar Civil Service unions yesterday instructad their 600,000 members not to handle work other than their own in support of their claim for increases of up to 53 per cent in London weighting allowances.

A total of 285,000 workers, members of the Civil and Public Services' Association and the Society of Civil and Public Servants, are being asked to hold a one-day national strike, probably on February 23, in support of the annual pay settlement, due on April 1.

The two unions, which have overwhelmingly supported industrial action, are likely then to consider further selective action. The society estimates its members are due 25-30 per cent from tha results of the independent Pay Research Unit, and the CPSA between 15 and 20 per cent.

Action by society members could have serious effects in VAT, customs and Ministry of Defence establishments, and action by association members could affect payment of social security and other benefits.

The staff side of the National Whitley Council, representing all nine unions, is to seek an urgent meeting, probably next week, with Lord Peart, the Lord Privy Seal, on the implementation of the rises indicated by the Pay Research Unit's reports, in the face of the Government's 5 per cent limit.

The third largest union, the Institution of Professional Civil Servants, will consider joining the other two unions in taking action if it is not satisfied with the outcome of the meeting with Lord Peart.

Central to the discussions with Lord Peart will be consideration of tha public sector "going rata" in the light of progress on the local authority manual workers' claim for 40 per cent increases, and some sort of staging arrangements for the rises due, to avoid confrontation with tha 5 per cent limit.

Civil service union leaders believe that the special case provisions in the Government's White Paper introducing the limit are specifically open for a staged deal based on the Pay Reasearch Units findings.

The TUC's new Public Services Committee this week considered staging proposals for public sector groups, including two instalments spread over 12 months, two over two years or four over two years.

The Civil Service Department has decided to impose its offer of 12.7 per cent rises in the London weighting allowance for both white-collar and non-industrial grades.

Instalments

Some union officials believe that the imposition of the award, which will begin to appear in pay packets at the end of the month, and the Department's refusal to allow the case to go to arbitration, has so inflamed industrial relations that a full meeting of the Whitley council may have to be called for the first time in 28 years.

The award will raise the allowance for 110,000 inner London staff from £465 to £524. The 50,000 outer London staff, including 10,000 workers at Heathrow Airport, will receive no increase. The unions are regarding the award as merely an interim payment.

Unions face closed shop ultimatum

By Our Labour Staff

UNIONS REPRESENTING 16,000 Greater London Council manual workers are considering an ultimatum from the Conservative-controlled council to sign an agreement ending their closed shop within two weeks.

Mr. Horace Cutler, leader of the council, has given the 17 trade unions until February 16 to sign the already-negotiated agreement. If they do not sign, the council will give a year's notice cancelling a union membership agreement reached in October, 1976.

The Conservatives promised to end the agreement when they took control of the council in May, 1977. After 18 months of negotiation with the unions an agreement was reached that no manual worker should have to join a union and that any exemption should be accepted without question or inquiry.

Workers not in a union would make a comparable donation to charity in lieu of their union subscriptions.

Mr. Cutler said that "under pressure" the trade unions said they would not have to seek ratification of the agreement with their individual executives. There was only one interpretation of the negotiations and that was that the unions had given their agreement.

Emergency only at about 50% of hospitals—Ennals

BY OUR LABOUR STAFF

MR. DAVID ENNALS, Health Secretary, admitted yesterday that up to half the hospitals in England and Wales are now operating emergency only services and most of the country's ambulancemen are answering only emergency calls.

In some areas, the union's code of conduct did not appear to be working at local level with food and drugs still being turned away from soma hospital gates. However, in Liverpool, striking grave-diggers agreed, under pressure, to allow cremations because of serious health risk.

Across the country about 1,100 hospitala were closed to all but emergency cases with the North, North-West, Merseyside, London and Trent regions worst hit.

Britain's biggest children's hospital, the Great Ormond Street Hospital for Sick Children in London was hit by a four-hour lightning strike by porters and kitchen staff during the day and faced a 24-hour strike, together with the Queen Elizabeth Hospital for Children, Hackney, from midnight last night.

A seven-day strike began at the 350-bed St. Andrews Hospital in London this morning.

Strike action by ancillary workers continued to disrupt other hospitals in London. At the Westminster Hospital, soldiers were called in to repair slashed ambulance tyres and at the Central Middlesex Hospital, administrators claimed food and drugs had been turned away by pickets.

The unions also appeared to be stepping up action in local authorities.

In London, Newham caretakers joined those in Barking and Haringey in closing all schools with those in Merton and Waltham Forest hit by rotating strikes. Merton council, in South West London is to call on volunteers to open and close schools hit by the caretakers' strike.

Schools in Nottinghamshire and South Wales were also affected and the National Union of Public Employees warned yesterday that it will mount a series of strikes in the Inner London Education Authority from Monday.

In Leicestershire, local authority drivers continued to deliver meals-on-wheels but refused to collect money.

Journalists win right to Lords plea on 'blacking'

THE National Union of Journalists was yesterday granted leave to appeal to the House of Lords against a court ban on "secondary blacking" during the recent strike by provincial journalists.

The House of Lords Appeal Committee, headed by Lord Wilberforce, gave the go-ahead for an appeal despite the "academic" nature of the case—the strike having been called off two weeks ago.

In December the Court of Appeal upheld a High Court order granted to Express Newspapers forcing the union to lift its instruction to Daily Express journalists to "black" copy from the Press Association news agency.

Mr. Thomas Morison, counsel for Express Newspapers, told the Law Lords yesterday: "The Press Association and the Daily Express employees are working normally. Now that the strike is over there is nothing in the case so far as Express Newspapers is concerned."

Express Newspapers had obtained its remedy in the form of an injunction and did not wish to pursue its claim for damages against the union.

In the circumstances, said Mr. Morison, the company was considering the possibility of discontinuing its action. That might prevent the issue from being decided by the Lords.

Mr. John Melville Williams, QC, for the union, said that many cases dealing with interim injunctions were bound to be academic by the time they reached the House of Lords.

But the issue in the present case was of "substantial public importance" for trade unions and should be ruled on by the Lords.

"It raises a question as to the extent to which secondary actions are covered by the test laid down by law," he said.

Mr. Williams said he knew of no other case where a trade union official who genuinely intended to try to further a trade dispute had been held to have acted outside the ambit of the law permitting such action.

Chief Constable calls for picketing law changes

A CALL for a change in the law on picketing, which "left too much to chance and deliberate misinterpretation," came yesterday from Mr. James Anderton, chief constable of Greater Manchester, in a speech to the Manchester Medico - Ethical Association.

He said only people directly involved in a dispute should be allowed to picket, and all pickets should be officially authorised and clearly identified.

A maximum limit should be set on the number of pickets at any one place, with the police able to advise smaller numbera if necessary and use a special law of obstruction if the numbers were not reduced.

"Let no one assume that the failure of people to cross the picket lines in situations where no obvious violence or obstruction occurred was the result of any failure or unwillingness on the part of the police to enforce the law," said Mr. Anderton.

"There is something sadly wrong with picketing law if the efficiancy of it can only be sustained by the permanent presence of uniformed police officers.

"If the police, by their constant presence, virtually controlled the behaviour and work of pickets they would become such an indispensable and integral part of the machinery of industrial disputes that their absence or non-involvement would render the whole system inoperable."

'Dictatorship' warning

A RAILWAY union leader yesterday labelled as "folly" free collective bargaining, and warned that without restraint Britain could finish up with a right-wing military dictatorship.

Mr. Walter Johnson, president of the Transport Salaried Staffs' Association, the railway's white collar union with 72,000 members, said: "The country must be prepared to stand up to those who are showing no interest in the national problem and whose actions could well wreck our society."

Mr. Johnson, Labour MP for Derby South, writes in his union journal: "As every day passes we see the folly of so-called free collective bargaining where those with the most muscle are holding the country to ransom and doing their utmost to break the Government's pay policy."

He warned that if this happened inflation would soar into double figures, unemployment would rise and a situation could develop where one worker was set against another, resulting in anarchy.

"I am aware there are those who want this situation to develop in the hope that the country will lurch to the extreme left.

"Where their thinking is completely wrong is that if we do not show moderation and manage our affairs with restraint in a democratic fashion we may well finish up with a right-wing military dictatorship."

More drivers settle

BY LYNTON McLAIN

THERE WERE further local pay settlements for lorry drivers yesterday on minimum top rates of £64 and £65. Some regiona of the Road Haulage Association have still to settle with their drivers including the southern area which is likely to hold a negotiating meeting next week.

Some areas which have settled on basic rates are still in negotiations with drivers on fringe benefits. Improvements here may add a few per cent to deals which involve increases of more than 20 per cent on pay rates.

Lorry traffic in and out of Britain's ports was returning to normal yesterday as the remaining drivers' pickets dispersed.

There was a continuous stream of lorries into docks along the Tyne, and bacon and timber which had been stockpiled on the quaysides were removed. There was similar activity at other ports.

The picket line which had dominated the activities at Tilbury until the weekend was absent for the first time yesterday. Haulage companies followed the instructions from the Transport Department that imports had to be moved before export traffic could return to normal.

But at Liverpool, the port management said the flow of export traffic would be back to normal almost immediately. The pickets at the port withdrew yesterday afternoon, and it would take between three and four weeks to clear the backlog of imports after the drivers returned to normal working on Monday.

UK NEWS—PARLIAMENT and POLITICS

Ennals faces Tory wrath over hospitals

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID ENNALS, the Social Services Secretary, yesterday received a savage mauling in the Commons, with the Tories demanding that he should resign because of his "complacent and incompetent" handling of the hospital and ancillary workers strikes.

Mr. Patrick Jenkin, the Conservative health spokesman, condemned the "unbelievable flabbiness" of Mr. Ennals' latest statement to the House at a time when everyone was aware of the "horrifying picture" of mounting chaos in the health service.

Clearly shaken by the anger of the Conservatives, the Liberals and the Scottish Nationalists, Mr. Ennals insisted that the best course was to rely on the voluntary code agreed with the four health service unions for dealing with urgent medical cases.

The Opposition was particularly annoyed by his refusal to make a clear statement of support for the recruitment of volunteers to keep the hospitals running during the present crisis.

A few minutes earlier, the Prime Minister had been involved in heated exchanges when he sidestepped a similar demand from Mrs. Margaret Thatcher, the Conservative leader.

Both Mr. Callaghan and Mr. Ennals maintained that the decision on volunteers was primarily a matter for local hospital management committees. They emphasised, however, that the Government would have no objection to such a move.

The inept tactics of the Government inflamed the row even further. At first, Mr. Callaghan argued that the question of volunteers was not a matter for him but would be dealt with by Mr. Ennals.

The Social Services Secretary then tried to brush it aside by claiming that the questions had already been answered by the Prime Minister.

Mr. Callaghan attempted to hit back by dismissing the shouting members on the Opposition benches as "a rabble."

Nevertheless, he conceded that what we were now witnessing in the country was no longer free collective bargaining but "free collective vandalism."

In his statement Mr. Ennals said the position in the health service was still serious. Most of the country had only emergency ambulance services and between a third and a half of hospitals were dealing only with emergency cases.

He had met the general secretaries of the four health service unions and had asked for clarification on a number of points, including the effects of industrial action on long stay patients.

There were snorts of derision from MPs when he said that the unions had agreed to consider the points being put to them.

Mr. Ennals added that anyone ignoring the voluntary code was acting in a "reckless and irresponsible manner."

From the Opposition front bench, Mr. Jenkin called on him to give the full and unqualified support of the Government for the use of volunteers.

He complained that no-one had seen the code of practice drawn up by the unions nor did they know what was in it.

The unions in central London had now announced that they would not recognise the code.

He also called on Mr. Ennals to ask Mr. Alan Fisher, general secretary of NUPE, to withdraw his call for the maximum possible disruption of the health service.

Mr. Jenkin told Mr. Ennals that the time had come to stop dithering and to abandon his "vain posturing" on television.

In reply, Mr. Ennals said that although some action had been taken by irresponsible minorities, the vast majority of health workers were trying to maintain the service in the interests of patients.

The union leaders were co-operating in trying to keep the action within tolerable limits.

The House erupted in anger when Mr. Ennals agreed with Mr. William Molloy (Lab. Ealing N) that many of the hospital workers were Tories and that the Conservative Party leadership should appeal to them to behave in a civilised manner.

There were chants of "resign, resign" and Mr. John Pardoe (Lib. N. Cornwall) bobbed up and down shouting "Out, out."

Mr. William Clark (C Croydon S), said that union cards should be taken away from local "commissars" who disobeyed their union leadership.

He told Mr. Ennals: "Your complacency and sheer incompetence in running the health service calls for only one thing—and that is your resignation."

There was a complaint from Mr. Timothy Raison (C Aylesbury) of a "complete vacuum" of leadership in the health service.

Earlier, the Prime Minister told Mrs. Thatcher that the question of hospital volunteers had not been discussed in Cabinet that morning.

But he wanted to make it clear that it was not acceptable that sick children and adults should have their food denied them or that proper attention should be forbidden them by industrial action.

"Therefore, I trust very much that all those concerned in this dispute will return to work and allow negotiations to continue on a proper basis."

Mrs. Thatcher reminded him that "the buck" stopped at the Prime Minister's desk. His duty lay with the nurses and those who helped them. Therefore, he should make it clear whether he was prepared to encourage volunteers.

Heathrow virginity tests deplored

MR MERLYN REES, Home Secretary, is inquiring into reports that immigrant women arriving at Heathrow are undergoing virginity tests.

The Prime Minister was questioned in the Commons yesterday about newspaper reports that an Indian woman underwent an intimate medical examination.

Mr. Louis Carter-Jones (Lab., Eccles), asked the Prime Minister to look into "the quite dreadful story about the examination of Indian girls coming to this country and being tested for whether or not they are virgins.

"What moral justification is there for this? Will you firmly rule out such a monstrosity?"

Mr. Callaghan said, "I think all MPs will have been disturbed by what they have read. I understand the Home Secretary is inquiring into this, and I am sure he will want to inform MPs in due course."

Reports in yesterday's Guardian say the Home Office carry out internal examinations in an attempt to identify women attempting to enter the country illegally.

The aim is to decide whether the women are really fiancees. The implication is that if a Hindu was not a virgin she would be already married.

Later, Miss Jo Richardson (Lab., Barking) asked Mr. Michael Foot, Leader of the House, if the "degrading practice" could be debated in the House.

Mr. Foot said the Home Secretary was studying the report, but he could not promise that the topic could be debated.

Scottish price check

By Elinor Goodman

A PRICE Commission investigation into why prices of certain basic goods are higher in Scotland than in other parts of Britain is expected to be announced shortly.

This is believed to be the price which Mr. Roy Hattersley, Prices Secretary, agreed to pay for the support of the Scottish Nationalists on the third reading of the Bill which will remove the present profit safeguards in the price controls.

The SNP which at the last moment failed to support some of the Tory and Liberal amendments which Ministers claimed would wreck the Bill, has long argued that Scots have to pay above the odds for essentials like food and petrol.

While the party did not want to be seen to oppose any measure which would tighten price controls, it wanted to obtain the maximum political advantage from holding the balance of power in the vote on the Bill.

Right up to the first votes on Wednesday night, negotiations were going on between the SNP and Ministers.

Right-wing praise for white voters

TORY rightwingers were last night collecting signatures for a motion congratulating the white community in Rhodesia on its "massive endorsement of the constitution prepared by the transitional Government."

The motion called on the British Government to acknowledge the transitional Government as soon as the constitution has been enacted.

Tories fear immigration problems

BY ELINOR GOODMAN, LOBBY STAFF

THE Conservatives are worried that their immigration policies may be severely tested soon after an election by the events in Rhodesia.

They are concerned that an increased bloodshed in Rhodesia could lead to more Rhodesians wanting to come to Britain—and that it could be difficult to reconcile the inevitable demands of backbenchers to allow in whites with the need to convince the international community that a Conservative Government was not discriminating against black Rhodesians.

The party, which last year went through a period of public anguishing over the future direction of its immigration policies, has already said that it will set a quota on the number of immigrants allowed in from every major country.

These quotas would start being drawn up fairly soon after a Tory Government came to power.

It is also committed to honouring existing commitments and continuing to allow patrials into the country. To the possible disappointment of some right wingers the quotas would be adjusted upwards to take account of existing commitments.

This might mean that there was no noticeable reduction in the number of people coming in from India and Pakistan, as they are already subject to considerable administrative delays.

Many white Rhodesians would be allowed into the country as patrials because they had a grandparent born here, while others might be able to emigrate to South Africa.

Nevertheless, senior Conservatives are concerned that any new quota arrangements might be badly strained if there was a sudden increase in the number of Rhodesians wanting to come to Britain.

Backbenchers would almost certainly demand an automatic right of entry for whites if they were seen to be in danger but they might well be opposed to black Rhodesians coming in over the quota.

Yet it would hardly help the Government's relations with America or black Africa if it was seen to discriminate against blacks.

Since last spring, when Conservative plans for tightening up on immigration were leaked in the Press, immigration has not been much of an issue.

Those dealing with the immigrant community hope that this situation will continue during an election campaign but they are aware that it may inevitably come up and they are concerned that some Right wingers may come out with extravagant claims in the heat of the moment.

They are anxious to tread the delicate tightrope between satisfying the demands of white voters in areas like the West Midlands, where there are large immigrant communities, and not putting off Asian voters.

The party is committed to establishing a register of dependants who have a right to come into the country. While it is very unlikely that the party will not carry out this commitment, some frontbench spokesmen believe it may involve considerable practical problems.

If large numbers of Indians come forward for registration, it could shift the balance in favour of a major clampdown on immigration and increase the political pressures for even tighter curbs.

Terms of oil sanctions inquiry anger Commons

BY IVOR OWEN

CONDITIONS imposed by the Prime Minister governing the release of Cabinet papers and other Government documents to the Special Commission which is to examine the political responsibility attaching to the breach of oil sanctions against Rhodesia were attacked from both sides of the Commons last night.

Sir Harold Wilson, the former Prime Minister, led the protests from the Labour benches against the Government's proposal that the Lord of Appeal who is to preside over the Special Commission should "sift" the documents concerned and decide which required to be seen by the other seven members or any of the witnesses appearing before them.

His complaint that this must have the effect of creating "two classes" of member of the special commission—which will consist of MPs and Peers—was rejected by Mr. Sam Silkin, the Attorney-General.

Mr. Silkin came under fire from both sides of the House when he went on to explain that in the event of this procedure being overturned by an adverse vote, the Prime Minister would prevent the release of the documents — normally kept secret for a minimum of 30 years—by not making the necessary recommendation to the Queen.

Mr. Alex Lyon (Lab., York) maintained that, in effect, the Prime Minister was giving notice that he would reject a decision of the House if it were contrary to what the Government had proposed.

"I have never heard such a doctrine since Cromwell came into this House," he declared.

Mr. Silkin insisted that it was not a question of the Prime Minister refusing to accept a decision of the House.

A recommendation by the Prime Minister to the Queen was an executive act and had nothing whatever to do with any motion passed by the House of Commons.

"That particular function is a function of the Prime Minister, which he can exercise whether there is a motion or whether there is no motion."

The Attorney-General disclosed that Mr. Edward Heath —the former Conservative PM, who in an earlier debate on the Bingham Report which established that sanctions busting had taken place opposed any further inquiry — had nevertheless agreed that the relevant documents from the period of his administration should be made available to the Special Commission.

Sir Harold Wilson, one of the original advocates of a Parliamentary inquiry into the political aspects of sanctions busting, had similarly authorised the release of papers for the period when he was Prime Minister.

But the Attorney-General stressed that in the event of a decision by the House to change the "sifting" procedure by the chairman of the Special Commission, Mr. Callaghan would prevent the release of all the Government documents since the imposition of sanctions in 1965.

He emphasised the importance of ensuring the confidentiality of cabinet papers and claimed that the arrangements devised by the Government for the conduct of the Inquiry by the Special Commission constituted a sensible and viable compromise.

The Attorney-General made it clear that one of his duties in assisting the Special Commission would be to ensure that its inquiries did not extend into the same area as the investigations now being made by the police, on the instructions of the Director of Public Prosecutions, into the possible commissioning of criminal offences.

The Special Commission's task would be to investigate the way in which successive Governments had pursued the oil sanctions policy, to ascertain and report whether Parliament and Ministers had been misled.

If the Special Commission concluded that Parliament or Ministers had been misled, intentionally or not, it would have the further task of determining responsibility for this having occurred, whether this concerned ministers, officials or persons outside the Government.

Sir Harold, who referred to an admission of sanctions breaking by BP, urged that Cabinet papers and department minutes should be made available to the Special Commission, as well as material — even including papers from Government departments—which did not refer to breaches of sanctions.

Mr. Silkin assured him that it was not the Government's intention that any material documents should be held back, but he conceded that a great problem was likely to arise over the "vast quantity" of documents which might be marginally or less marginally material.

He confirmed that the chairman of the Special Commission would decide which documents needed to be examined by other members and which payments it would be essential to publish or to refer to in the report of the inquiry.

Special debate on Monday

THE SPEAKER of the Commons may allow an emergency debate on the present industrial unrest on Monday night.

After renewed pressure from several backbenchers, Mr. George Thomas said he would permit a debate on the crisis, in particular its effect on hospital patients, at 7 pm on Monday if the situation got worse over the weekend.

Mr. Patrick Cormack (C Staffordshire SW) echoed the concern of many MPs as he called for an emergency debate, for the second time in two days, on the problems of the health service.

Emergency

The situation had worsened since Tuesday. There were now more cases of genuine distress being caused by health service employees, gravediggers and school caretakers.

A prime example was a new move he had just heard about. The National Union of Public Employees had just called a 24-hour all-out strike at Great Ormond Street Children's Hospital.

Peachey demand

LEFT-WING MPs, outraged by the Government report on the affairs of properety tycoon Sir Eric Miller, yesterday demanded an early Commons debate.

Sir Eric, who was knighted in Sir Harold Wilson's resignation Honours List, shot himself in September, 1977.

Department of Trade inspectors concluded that he was guilty of numerous misappropriations of funds from the Peachey Property Corporation.

As Mr. Dennis Skinner (Lab., Bolsover) made the comment: "Many of us would like to know who organised the parties at No. 10," Sir Harold Wilson walked into the Chamber.

Sir Harold could not help smile when Mr. Skinner added: "We all understand there are such things as bottle parties, but to drag in cases of champagne when they go to these functions is another thing."

Mr. Skinner then brought the Speaker, Mr. George Thomas, to his feet when he said that if there was a debate Mr. Reginald Maudling, the former Tory Cabinet Minister, could come to the House and explain his role in Peachey affairs.

The Speaker said he would not allow criticisms of any MP, and Mr. Skinner's remarks had not sounded like a compliment.

ENERGY REVIEW: UNITED STATES

BY RAY DAFTER, ENERGY EDITOR, IN CAMBRIDGE, MASS.

Carter in pursuit of an oil policy

EVENTS in the Middle East have brought a sharp but perhaps timely reminder both of the delicate balance which now persists between the world-wide supply and demand of crude oil and also of the grip which the Organisation of Petroleum Exporting Countries maintains on the pricing of oil.

The civil unrest in Iran, the world's second largest oil exporter, has prevented some 5.5m barrels a day reaching the crude oil market. That shortfall, amounting to over 10 per cent of non-communist world oil consumption, is greater than the combined production of the North Sea, Mexico, and Alaska—non-OPEC producing areas which have helped to provide a supply cushion in recent years. Indeed, only high stock levels, seasonal demand fluctuations and energy consumption still depressed by the 1973-74 crisis have saved consumers from serious shortages. But there is a price to pay for these maintained supplies.

By taking an advantage of the tighter supply position OPEC can sustain its proposed series of crude oil price rises. The price of the so-called marker crude by the end of this year will have risen from the 1978 level of $12.70 a barrel to $14.54. This works out at a 14.5 per cent increase although the phasing process does bring the average for the year down to 10 per cent.

The increase is likely to add some $19bn to the cost of imports into the 24 OECD countries, most of which are still struggling to extricate themselves from the recession brought about by the five-fold price rise in 1973 and 1974. (OECD economist, estimate, however, that almost half of this increase will be offset by higher exports to OPEC nations.)

OPEC's pricing move was hardly surprising. The crude exporters have seen world inflation eroding the real worth of their oil reserves; the falling value of the dollar has made matters much worse. In a world which still relies on crude oil for nearly 55 per cent of its total energy requirements OPEC saw 1979 as an opportunity for making up some of its lost ground. With Iranian supplies seriously disrupted the pricing initiative had returned to OPEC. Indeed by the end of last year the spot market had already reacted, pushing prices well beyond the official or posted limit.

It is an uncomfortable fact that such tight supplies and the consequent pressures on prices will return again, next time perhaps with a vengeance. For unless steps are taken immediately to develop non-OPEC sources of energy — whatever they may be—and to encourage even greater conservation, consumers will be forced to rely on producers within OPEC for considerably increased oil supplies.

When this will be is still unclear. Several reports, including a major study by the Workshop on Alternative Energy Strategies at the Massachusetts Institute of Technology, have suggested that possible energy shortages might arise as soon as the late 1980s. Low economic growth combined with greater energy conservation effort could push this back to the early 1990s or conceivably the turn of the century in which case major energy importing countries still have time to take action to avoid harmful shortages.

What is important is that such a "day of reckoning" is recognised. It will be a day when OPEC countries might withhold some needed additional supplies for political, diplomatic or economic reasons; it will be a day when the energy follies of the major consuming countries will be counted. The way events are taking shape, the U.S.—the world's biggest energy consumer—could well find itself in the most vulnerable position.

Psychological

Despite volumes of analyses and warnings, frenzied political activity and desperate presidential pressure, the U.S. seems almost as far away from a meaningful energy policy as ever. Mr. Ali Mohammed Jaidah, the former secretary general of OPEC, lamented in August last year that the U.S. had proved a "psychological inability" to confront its energy problems. It is too early to say whether the new Congress will radically alter that position.

In 1973, when Arab oil producers boycotted supplies to the U.S. and Holland, imports accounted for about one-third of U.S. oil consumption. Since then imports have grown to about 45 per cent of U.S. demand. In 1978 these imports were running at a rate of over 8m barrels a day. The Energy Secretary, Mr. James Schlesinger, said in an interview last November that by 1985 imports could be 9m or 10m barrels a day — an optimistic estimate in the eyes of some in the energy industry, but still a far cry from the Federal Energy Administration's ambitious Project Independence attempt in 1974.

Domestic energy demand will continue to depend on oil supplies for a far longer period and to a far greater extent than the administration might have wished. The development of alternative energy sources—be they nuclear, coal, solar or some of the more exotic fuels—is taking much longer than once thought. Environmental constraints and the huge costs involved are two of the prime factors. And there is a natural reluctance of consumers to move away from the convenience of natural gas and oil.

In line with the worldwide trend Americans are producing—and consuming—petroleum at a faster rate than they are discovering new supplies. For example, preliminary figures, produced by the Oil and Gas Journal, show that the U.S. produced an average 8.6m barrels a day in 1978, 5.9 per cent more than in 1977. Crude oil reserves in the U.S. fell by about 1m barrels to 28.5bn barrels last year. In 1970 the reserves were nearer 39bn barrels.

That means that if no more oil is found in the U.S.—admittedly an extreme assumption—existing reserves could be exhausted in little more than nine years. What is clear is that the production to reserve ratio has now fallen below the 1:10 level generally accepted as the minimum desirable for a healthy oil regime.

It would seem then, in this transitional period before conservation measures and alternative energy sources have a major impact on consumption patterns, that the U.S. oil industry needs every encouragement to find and produce more domestic crude. Companies involved in exploration and production argue, with some justification, that the very opposite is happening. They complain that they are hamstrung by a plethora of regulations, restrictions and price controls. Not only do they weaken the economic incentives to investment in what will always be a risk business, but the rigmarole of regulation also dampens the enthusiasm of oil men wanting to try something new in exploration or development. In short, the companies argue that red tape and price controls are restricting a potential increase of domestic oil production.

It is easy to dismiss this as a prosperous industry pleading its own case, particularly in the U.S. Where the public view of the oil majors appears to be particularly jaundiced. But there is no other institution capable of producing the badly-needed oil. In spite of the apparent public opposition to big private companies there is no widespread desire to create a state-controlled oil enterprise. So the companies' warnings ought to be heeded, particularly when the evidence of the reserves to production ratio is on their side.

President Carter will have a golden opportunity to relieve some of the tension and investment inhibitions at the end of May when he will have the option, under the Energy Policy and Conservation Act (EPCA) of 1975, of relaxing the controls that have kept U.S. crude oil prices below world price levels. If he fails to act—either by modifying or abolishing the controls—then prices will continue to be regulated until the statutory expiration of the legislation in September 1981.

At present U.S. refiners are buying crude oil at around $12.90 a barrel on average (estimated costs for the first quarter of 1979). Assuming no changes in the domestic pricing structure this average could rise to $13.96 a barrel by the end of this year, reflecting in part the OPEC increases. However, if domestic price controls were lifted overnight and refiners were forced to pay the world market price for their various grades of crude, that year-end cost would be nearer $16.37 a barrel. (These estimates, provided by Standard Oil of California, include the cost of oil, taxation, royalties and transportation.) In other words, U.S. refiners would be buying crude on average $2.41 a barrel more cheaply than their competitors in other parts of the free world.

OIL DELIVERED TO U.S. REFINERS

(March 1978)

	Average cost ($/barrel)	Volume (barrels m/day)	Percent of Volume
CONTROLLED OIL			
Old oil	5.79	3.2	22
New oil	12.36	2.9	20
UNCONTROLLED OIL			
Imported	14.66	6.3	43.5
Stripper	14.45	1.2	8.3
Alaskan North Slope	13.22	0.8	5.5
Naval Reserve	12.89	0.1	0.7
(Total uncontrolled)	(14.47)	(8.4)	(58.0)
TOTAL	12.57	14.5	100.0

Source: David J. Bardin, Administrator, Economic Regulatory Administration, in statement before the House of Representatives' sub-committee on energy and power of the Committee on Interstate and Foreign Commerce, June 12, 1978.

Hence the ultimate consumer—the motorist or the purchaser of home heating oil—is being shielded to some extent from the full impact of increasing world oil prices. Indeed, this was one of the prime reasons behind EPCA. However, in order to sustain this simple concept, a complex arrangement of checks and balances has had to be arranged by the Federal Administration.

Under current rules, domestic crude oil is divided into three categories:

- Old oil, defined as that produced from wells drilled before 1972. It is subjected to the tightest price control on the basis that the development costs were incurred before OPEC transformed the world oil pricing structure in 1973 and 1974. In December this oil, which accounts for some 35 to 40 per cent of U.S. production, was sold for an average of $5.68 a barrel.
- New oil, from more recently drilled wells, commanded an average price of $12.68 a barrel in December.
- Uncontrolled oil comprises the crude that is produced from the Alaskan North Slope (regarded as a special case in view of the high development and transportation costs), oil from small "stripper" wells producing 10 barrels a day or less, the production from the Naval Petroleum Reserve together with crude oil that is imported. This category of oil has been selling for $14 to $15 a barrel in recent months.

These controls are at the centre of an entitlements programme designed, in a variety of ways, to distribute equitably the benefits among all sectors of the oil industry. The object here is to ensure that refiners dependent on imported or "new oil" — generally those operating newer plants including most of the independent groups—are not penalised compared with refiners having established sources of domestic old oil. Consequently refiners buy and sell so-called entitlements in order to equalise crude oil costs.

Various estimates have shown that if the controls were completely abolished the cost of petrol at the pump might rise by 5 to 10 cents a gallon, depending on local taxes. This would be in addition to rises that will occur as a result of OPEC's pricing move. The day of $1-a-gallon petrol in America would thus become much closer.

Standard Oil of California has calculated that the abolition of price controls, together with an end to the entitlements programme, would add 3.7 cents per gallon to refiners' costs and bring oil producers an additional $12.7bn a year in additional gross revenue. The American Petroleum Institute is quick to point out that not all of this would be transformed into profits: for a start the Government would get approximately 58 cents from each incremental dollar of revenue (including 3 cents in direct royalty payments). Private royalty holders would get a further 6 cents net of each dollar. The API adds that of the 36 cents retained by the producers, about 8 cents would be paid as dividends to stockholders.

However, even this calculation shows that companies will retain at least 28 per cent of the $12.7bn, certainly enough to arouse criticism of "windfall profits." This is part of President Carter's dilemma. He will find it hard enough to gain acceptance for a policy that results in further increased petroleum product prices, particularly in a year of high inflation. He would find it even tougher to take action that puts more money into the pockets of big oil companies.

So a formula has to be found that will at least start the process of decontrol without antagonising Congress to the extent that it feels compelled to pass new legislation to override the President. It has not gone unnoticed by presidential aides that Senator Edward Kennedy of Massachusetts has already indicated his opposition to any decontrol of U.S. oil prices. Indeed, he has gone further, saying that the U.S. should attempt to break away from the influence of OPEC-led price rises, perhaps by forming a separate alliance with Canada and Mexico.

The President's answer could lie in a phased programme of deregulation, one which at least begins to bring old oil prices more into line with world prices. For there are a number of known cases where producers are reluctant to spend money on enhancing the recovery from old reservoirs because of insufficient returns. The oil is known to exist: its recovery must be important in the national interest. At the same time there is surely no reason why some phased, workable excess profits tax cannot be devised to deal with "windfall profits," preferably a tax that includes some concession for investment in oil and other energy sectors.

The relaxation of price controls can be justified if they are shown to encourage conservation among consumers and spur greater effort towards energy self-sufficiency among U.S. producers. However tempting, delay, action cannot be postponed; there is unlikely to be a time when deregulation will become easier. The cold fact remains that worldwide energy supplies are likely to become tighter and ever more costly. To shield U.S. consumers from even the partial effects of this trend will become increasingly difficult as the country relies more and more upon imports.

APPOINTMENTS

SECRETARIAL APPOINTMENT

ART GALLERIES

COMPANY NOTICES

GREATERMANS NATAL AND FREE STATE HOLDINGS LIMITED
NOTICE TO 6% SECOND 6% AND THIRD 6% PREFERENCE SHAREHOLDERS
DIVIDENDS ON 6% SECOND 6% AND THIRD 6% PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividends payable on the 31st March, 1979, to 6%, Second 6% and Third 6% Preference Shareholders registered in the books of the Company at the close of business on Friday, 16th February, 1979:—
A. 6% REDEEMABLE CUMULATIVE PREFERENCE SHARES — DIVIDEND NO. 40.
A dividend at the rate of 6% per annum for the six months ending 31st March, 1979—equivalent to 6c (SIX CENTS) per share.
B. SECOND 6% REDEEMABLE CUMULATIVE PREFERENCE SHARES—DIVIDEND NO. 40.
A dividend at the rate of 6% per annum for the six months ending 31st March, 1979—equivalent to 6c (SIX CENTS) per share.
C. THIRD 6% REDEEMABLE CUMULATIVE PREFERENCE SHARES—DIVIDEND NO. 16.
A dividend at the rate of 6% per annum for the six months ending 31st March, 1979—equivalent to 3c (THREE CENTS) per share.
The dividends are declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on the 16th March, 1979.
Dividends declared despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom income tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.
The Company will where applicable, deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.
For the purpose of paying the above dividends the 6%, Second 6% and Third 6% Preference Share Registers will be closed from the 17th February to the 2nd March, 1979, both days inclusive.
Dividend cheques in payment will be posted on or about the 31st March, 1979.

By Order of the Board,
pp. H. M. NEIL, Secretary.
Registered and Transfer Office:
220, Commissioner Street,
Johannesburg.
London Office:
Granby Registration Services,
Granby House,
95, Southwark Street,
London SE1 0JA.

BRASCAN LIMITED

(Incorporated under the laws of Canada)
NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of twenty-five cents (25 cents) per share (in United States funds) on the Company's Class A, Class B and Class C Convertible Ordinary shares of no nominal or par value, PAYABLE April 30, 1979, to shareholders of record at the close of business on April 1, 1979.
The dividend payable on Class A Convertible Ordinary Shares represented by share warrants to bearer will be paid only against surrender of such bearer warrants (with coupons serial nos. 154 160, both inclusive, with talons attached) to Guaranty Trust Company of New York. Morgan Guaranty Trust Company of New York at Brussels, Belgium, in respect of Class C Convertible Ordinary shares of the Company for registered share certificates of the Company. Bearer Warrants (with coupons serial nos. 154 160, both inclusive and talons attached) will be surrendered for exchange to:
CIK
57 Rue de Namur
1000 Brussels
or
Morgan Guaranty Trust Company of New York
35 Avenue des Arts
1040 Brussels.
DATED at Toronto, Canada, the 30th day of January, 1979.
By Order of the Board
L. A. ALLEN, Secretary.
The transfer agents of the Company are National Trust Company, Limited, Toronto, Montreal, Vancouver, Calgary, Winnipeg and Regina; The Chase Manhattan Bank, N.A., New York, N.Y., U.S.A. Changes of address should be notified promptly to National Trust Company, Limited, 21, King Street East, Toronto, Canada M5C 1B3.

REGIE NATIONALE DES USINES RENAULT

7.25% 1973/1987 LOAN OF FF 200,000,000
We inform the bondholders that on March 15th 1979, repayment instalment of FF 10,000,000 has been made by purchase on the market.
Amount outstanding: FF 172,000,000.
The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
Luxembourg.

RHONE-POULENC

7.50% 1972/1987 LOAN OF FF 100,000,000
We inform the bondholders that on April 15th, 1979, repayment instalment of FF 5,000,000 has been made by purchase on the market.
Amount outstanding: FF 60,000,000.00.
The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
Luxembourg.

TAYOY TIN DREDGING CORPORATION LIMITED
(In Voluntary Liquidation)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
NOTICE IS HEREBY GIVEN that a General Meeting of the Members will be held at 40 Holborn Viaduct, London EC1P 1AJ, on Monday the 26th day of February, 1979, at 12 noon for the purpose of receiving the Account of the Liquidator for the year ended 27th November, 1978.
A member entitled to attend and vote at the above meeting is entitled to appoint a proxy (or proxies) to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
Holders of Share Warrants to Bearer are reminded that they must surrender their warrants through an authorised depositary to the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Such lodgements of warrants, must be not less than three clear days before the date of the meeting, to entitle the holders to attend and vote.
Dated 2nd day of February, 1979.
N. MILTON, Liquidator.
40, Holborn Viaduct,
London EC1P 1AJ.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:
No. 00218 of 1979
CHARLIE CHESTER PRODUCTIONS LIMITED
No. 00219 of 1979
H. M. BLOOM (FURRIERS) LIMITED
No. 00205 of 1979
MAPLEGLEN LIMITED
No. 00204 of 1979
MARO LOUISE DRESSES LIMITED
No. 00207 of 1979
PARKWAY ESTATES DEVELOPMENTS LIMITED
No. 00206 of 1979
RAYOOCO LIMITED
and in the Matter of THE COMPANIES ACT, 1948.
NOTICE IS HEREBY GIVEN that petitions for the winding up of the above-named Companies by the High Court of Justice were on the 22nd day of January 1979 presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London, WC2R 1LB, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on the 26th day of February 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his counsel for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of any of the said Companies requiring the same by the undersigned on payment of the regulated charge for the same.
ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
LONDON WC2R 1LB.
NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

No. 00273 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NORTHZONE LIMITED and in the Matter of THE COMPANIES ACT 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 23rd day of January 1979, presented to the said Court by SANDELL PERKINS LIMITED whose registered office is situate at: Cobtree House, Forstal Road, Aylesford, Maidstone, Kent, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.
BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/TTH. Tel: 01-353 8511.
Solicitors for the Petitioner.
NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

No. 00281 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WHIPCREST LIMITED and in the Matter of THE COMPANIES ACT 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 26th day of January 1979, presented to the said Court by PETTY WOOD & CO. LIMITED whose registered office is at P.O. Box 66, Central Way, Andover, Hants., a creditor, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 26th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.
J. E. BARING & CO.,
74, Chancery Lane,
London, WC2A 1AA.
Ref: JAH.
Solicitors for the Petitioners.
NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 23rd day of February 1979.

IN THE MATTER OF CANNON PRODUCTS (DISPLAYS) LIMITED
AND IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1967
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situate at 3/4 Bentinck Street, London, W1A 3BA, on Tuesday, the 13th day of February, 1979, at twelve o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 26th day of January, 1979.
By Order of the Board,
B. K. ARCHER, Director.

IN THE MATTER OF ENTERRIN LIMITED
AND IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1976
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Monday, the 12th day of February 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 29th day of January, 1979.
By Order of the Board,
MELVIN GRIFFIN, Director.

IN THE MATTER OF G. F. WARREN LIMITED
AND IN THE MATTER OF THE COMPANIES ACTS 1948 TO 1976
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Friday, the 9th day of February 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 24th day of January, 1979.
By Order of the Board,
H. W. OuJardin, Director.

IN THE MATTER OF J. LEWIS & SON (WALTHAMSTOW) LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 6th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 23rd day of January 1979.
PHILIP MONJACK, FCA, Liquidator.

IN THE MATTER OF KERON LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Leonard Cyril Curtis, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 25th day of January, 1979.
L. C. CURTIS, FCA, Liquidator.

THE COMPANIES ACTS 1948 TO 1967
AUTOMATIC BALING COMPANY LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at
One Noble Street,
London EC2V 7DA
on Monday, the 19th day of February, 1979, at 11.15 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 30th day of January, 1979.
By Order of the Board,
I. R. DANIEL, Director.

THE COMPANIES ACTS 1948 TO 1967
HYDRAULICS AUTOMATION LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at
One Noble Street,
London EC2V 7DA
on Monday, the 19th day of February, 1979, at 11.40 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.
Dated this 30th day of January, 1979.
By Order of the Board,
I. R. DANIEL, Director.

THE COMPANIES ACTS 1948 TO 1976
R. J. LAKE & CO. LIMITED
(In Creditors' Voluntary Liquidation)
NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 28th day of February, 1979, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors, if any, to
RICHARD EAGLESFIELD FLOYD
32 Clifford's Inn, Fetter Lane,
London EC4A 1AH
the Liquidator of the said company, and, if so required by notice in writing from the said Liquidator, are to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Date this 29th day of January, 1979.
R. E. FLOYD, Liquidator.

MARMOT, BOOTH, HEYLIN AND COMPANY LIMITED
(In voluntary liquidation)
NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required, on or before the 21st day of February 1979, to send their names and addresses, with particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to
DAVID KROLL, Esq.,
of 40 Highgate West Hill,
London N6 6LU,
the Liquidator of the said Company; and, if so required by notice in writing from the said Liquidator, by their Solicitors or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. This notice is purely formal and all known Creditors have been, or will be, paid in full.
Dated 29th January 1979.
DAVID KROLL, Liquidator.

CLUBS

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	5.30	15.00
Residential Property	2.30	8.50
Appointments	5.30	16.00
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Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

APPOINTMENTS

Divisional Board posts at Fisons

Mr. D. Stephen has been appointed divisional production director and Mr. J. P. Gerry, divisional sales and marketing director, on the Board of the horticultural division of FISONS.

★

Mr. Richard A. Chapman, has been appointed managing director of BANK JULIUS BAER INTERNATIONAL. He will be responsible for financial control and operations.

★

Mr. Lawrence V. D. Tindale has been appointed a director of SCOTTISH ONTARIO INVESTMENT COMPANY and of the NORTH BRITISH CANADIAN INVESTMENT COMPANY. Mr. John B. Kinross has resigned from both Boards.

★

Dr. D. A. Parker has been appointed managing director of ASSOCIATED ENGINEERING DEVELOPMENTS (AE Group).

★

Mr. Robert B. Strachan is to become group managing director of HARGREAVES GROUP from March 21 on the retirement of Mr. Geoffrey D. Lavers, who will continue as non-executive deputy chairman.

★

Mr. Alan Ripley has become a director of BOOTS THE CHEMISTS, a subsidiary of the Boots Company. Mr. Ripley will be director of warehousing and distribution, succeeding Mr. Derek Cargill, who takes up the appointment of director of property and engineering.

★

Mr. Colin Patterson has been appointed to the Board of BABCOCK AND WILCOX OPERATIONS (MANAGEMENT)

Mr. Colin Patterson

as personnel director. He joins the company from Molins where he was group employee relations manager.

★

Dr. N. R. Clark has been appointed managing director of VICTOR WOLF. Mr. G. V. Wolf remains executive chairman of the company and its associate concerns.

★

H. CLARKSON (INSURANCE HOLDINGS) has made the following appointments to the Board: Mr. K. A. Boot, Mr. C. T. Bright, Mr. C. J. F. Doble, Mr. A. J. Fraser, Mr. G. V. S. Jeans, Mr. T. J. E. Lardner, Mr. R. C. B. Mackenzie, Mr. D. C. Millwater, Mr. C. A. Muller and Mr. J. C. Oscroft.

★

BOC is to form a Cryogenics Division from March 1 and the chief executive of that division will be Mr. Paul Charlesworth, who continues as managing director, Cryoplants Ltd. The new unit will incorporate Cryoplants Ltd; Fuel Gas and Engineering Services (part of BOC's Gases Division), Cryogenic Refrigeration Systems and TechSep (both part of BOC's New Venture Secretariat).

★

Mr. D. W. Edge has been appointed a director of the WEST KENT WATER COMPANY in place of the late Colonel D. B. H. Warner.

★

Mr. John Impey has been appointed a director and joint vice-chairman of CAPPER-NEILL. In addition to his main Board duties he becomes chairman of the subsidiary companies in the industrial division. Mr. Impey was formerly a director of County Bank.

★

Mr. G. C. Klapwijk has relinquished his post as chairman and member of the Board of Management of the ROYAL NETHERLANDS AIRCRAFT FACTORIES and has withdrawn from his various appointments with the subsidiary companies of the Fokker group. He remains as a consultant to the Supervisory Board. Mr. F. Swarttouw is the new chairman of the Fokker Board of Management.

★

Mr. James Gibson, chief executive of the FANTASIE FOUNDATIONWEAR GROUP, has been appointed managing director, succeeding Mr. Charles Ryall, who continues as chairman.

★

Sir Frank Price, chairman of British Waterways Board, is to be the new president of the BRITISH ASSOCIATION OF INDUSTRIAL EDITORS. He will be taking over from Mr. Ken Corfield at the Bale Convention to be held at Bournemouth from May 1-4.

★

Mr. David Cashdan and Mr. Martin D. Bomford have joined the partnership of ALBERT E. SHARP AND CO., stockbrokers.

★

Mr. Brian Haggas, chairman and managing director of John Haggas, has joined the Board of DAWSON INTERNATIONAL following the merger of the two companies.

★

Mr. William Owen, a director and general manager of Wilkins and Mitchell (Power Presses), has been appointed chairman of its subsidiary POWER PRESS ENTERPRISES. Mr. Sydney Hewitt has become commercial director and Mr. Joe Whistance works director of that subsidiary.

★

Mr. Ian P. McEwan, group financial director of FITCH LOVELL, is to retire early, at his request for personal reasons, on April 28. A successor is being recruited from outside the group.

★

Mr. Maurice Marks, director of planning of the National Enterprise Board, has become chairman of UNITED MEDICAL ENTERPRISES in place of Dr. Fred Wrigley, who has retired.

★

Mr. Anthony Whalley has been made finance director of UNITED ELECTRONIC HOLDINGS, electronic components, hi-fi accessory and micro-computer distributor, in which the Charterhouse Group has a substantial holding. He was formerly group planning executive of Alenco, an engineering components manufacturer within the Charterhouse Group.

★

Mr. Raymond Theodoulou has joined HAMBROS BANK and will be appointed a director of Hambros Investment Management Services. He will be responsible for forming a department to manage international fixed interest portfolios. Additionally, he will be expanding the Bank's business with foreign Governments and their Institutions. Mr. Theodoulou was previously a director of Amex Bank.

★

Mr. Richard Griffiths has been appointed by Associated Biscuits as planning director of AB EUROPE.

★

THE FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS' ASSOCIATION has appointed the following officers for 1979: Mr. M. D. Phelon (R. P. Martin), as chairman; Mr. M. Osborn (Harlow Meyer), deputy chairman; and Mr. H. A. Woellwarth (Woellwarth and Co.), honorary secretary and treasurer.

★

Mr. V. H. Barley has been appointed financial director on the Board of NEEDLE INDUSTRIES GROUP.

★

Mr. James B. Crawley has been appointed works director of PRESTWICH PARKER.

★

Mr. Geoffrey Lawrence, finance director of CHARLES SIDNEY (BRADFORD), has become executive director in place of Mr. R. A. Scatchard, who continues as northern regional manager for Mercedes-Benz (United Kingdom), the parent company.

★

Mr. Alec Webster, has been appointed controller of audit and investigations, BRITISH GAS CORPORATION, from March 1. His previous position was chief accountant of the southern region of British Gas in Southampton.

★

Mr. Tony Sims has joined the Board of CONSOLIDATED-BATHURST (OVERSEAS) as technical director.

★

Mr. David Monk, formerly with Industrial and Trade Fairs, has been appointed general manager of FAIRS AND EXHIBITIONS, London, with special responsibility for Middle East projects.

★

Mr. Jeffrey Fredericks has been approved director, sales and marketing, and Senor Fernando

Mr. Jaffrey Fredericks

Lopez de Carrizosa has become a director of LUIS GORDON GROUP.

★

Mr. J. Lampson Kerins, who was seconded to British Aluminium from the Reynolds Metals Company in 1976, has been appointed executive vice president, REYNOLDS ALUMINIUM DEUTSCHLAND INCORPORATED, Hamburg, Germany, and will be the resident representative of Reynolds Metals Company. He is succeeded as director of group services at British Aluminium by Mr. Malcolm Shearer, previously the deputy director.

★

Mr. A. M. Steele has been appointed to the Board of HAWKER SIDDELEY INTERNATIONAL, London, and Mr. A. Moreton-Smith has become an executive director. Mr. M. G. Few has joined the Board of CROMPTON PARKINSON (SOUTH AFRICA) (PTY.), Johannesburg, a Hawker Siddeley company.

★

Mr. Basil Norman has been appointed licensing consultant to the AUSTIN REED GROUP. He was previously chairman and managing director of William Hollins and Co.

★

Mr. J. Kenneth Humphreys has been appointed a director of GLYNWED STEELS with special responsibilities for sales.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Wooing investors in the U.S.

David Lascelles on why American companies can spend a fortune on the art of keeping shareholders happy and enticing new ones

AMERICAN companies have always been more outgoing than their European counterparts, partly because their laws force them to be, partly because that's the way Americans are. But few things could better distinguish U.S. companies from, say, British ones than the way they go about what they call "investor relations," or IR.

Best-described as the art of keeping shareholders happy and wooing new ones, IR is practised by just about every large publicly-quoted company in the U.S., though to varying degrees. Some companies wait for people to come to them; others actively bring their affairs to public notice. The choice is largely a matter of company policy. Generally, the larger the company, the less it needs to fight for attention (particularly if it is part of a share index), although it has more shareholders to satisfy.

Whichever way they proceed, they do it in the belief that their stock will perform better if people "buy out of wisdom rather than ignorance," as Roger Williams put it at Mobil, one of the largest U.S. corporations with over 300,000 shareholders. For example, if a company with a steady earnings record suddenly reports a dip, shareholders are less likely to desert it if they understand the reasons.

Obligation

IR is more than an information function, though. Mr. Williams explains: "Companies have both a moral and a legal obligation to speak with one voice."

U.S. securities laws against insider trading make it a serious offence for companies to divulge information to restricted groups of investors. So the outflow has to be co-ordinated—a responsibility which usually falls to a company's IR department.

IR men have to be alert to the difference between boosting a company's image—which is considered OK—and offering its stock directly for sale, which is illegal except by means of documents filed with the Securities and Exchange Commission.

Georgia Pacific, a $4bn a year forestry and minerals company, regularly advertises its activities on TV even though the average viewer is unlikely to need bulk gypsum or wood pulp. But the ad's implied message is that investors could do worse than try Georgia Pacific.

IR men admit that the dividing line between image-boosting and promoting the sale of stock is blurred, which is why they are cautious. However, the SEC tolerates a lot of the more blatant IR activity, though it could presumably crack down if it felt the situation was getting out of hand.

Until a few years ago, conveying the corporate message was easier than it is now. The Wall Street broking and investment firms ran large research staffs which pursued companies for information, analysed it, and distributed it via bulletins to their clients, thus giving the corporate world a free and extremely efficient news delivery service.

But the big Wall Street shake-up caused by the abolition of fixed rate commissions three years ago changed all that. In the new harsh climate many institutions cut back on their teams of analysts or went out of business altogether. Those that did survive, merged and shed some overlapping research staff.

So the balance changed. Instead of being pursued for information, companies had to fight for attention (unless they were enormous), and there was no guarantee that the message they wanted would be relayed.

"We lost a free communications network," and it became very difficult to reach our investors," said Allan Turner, who handles investor relations for St. Regis, a $2bn-a-year paper company with 35,000 shareholders. "Wall Street used to be 90 per cent of the game. Now it's only 20 per cent."

So people like Mr. Turner began to develop other channels of communication, notably analysts' meetings where companies invite research staff from Wall Street and elsewhere to discuss company affairs with senior management, usually four times a year when the quarterly results come out.

Also important are annual meetings: more companies now hold these in different places around the country to stimulate shareholder interest.

ITT, for example, held its last four annual meetings in North Carolina, Arizona, Florida and Oklahoma, though it was also criticised for trying to escape rather than confront its shareholders.

IR men develop special techniques for these events. Some are quite straightforward, like broadcasting or videotaping the proceedings for a wider audience. Others are more tactical. The IR institute recently held a meeting in New York to teach its members how to deal with "gadflies"—people who buy a few shares to gain admittance to meetings and ask awkward questions.

Not surprisingly, the annual report is also an important IR tool, and companies put a lot of effort into them and into the financial statements like 10-K forms for the SEC which accompany them. Some analysts even claim to make their basic buy/sell recommendations on the basis of these reports rather than on meetings at the company.

An IR man also has to seek out key stock buying people at investment institutions and ensure that they are at least aware of the company's existence—not always an easy task even for fair size companies if business is uneventful.

Another claim is to get the company on banks' "approved lists" for their trust and investment funds. But there comes a point where the IR officer must decide whether to pound the streets for more lists or concentrate on banks which have already approved his company.

What is the best pitch to make to the investment decision-makers?

Some maintain a high profile, elaborating the company's position on the great issues of the day, as well as going through the more routine function of presenting the company's financial affairs.

Mobil, the second largest oil company, is famous for its forthright stand in defending the interests of its industry and shareholders, though Mr. Williams, its IR officer, says that the company's IR policy is more muted. Analysts, he said, want to know the facts and what management thinks, and much of Mobil IR is directed to satisfying this need.

Others prefer a more low key approach. According to Richard Tilghman, of National Distillers and Chemicals (with 65,000 shareholders): "We believe that hyping stock is counter productive. You may be able to push your share price up temporarily, but in the end your performance will not match expectations and it will come down again."

But don't people in his position measure their success in terms of what happens to the share price?

Mr. Turner at St. Regis believes this is important since the value of the stock determines not just the company's standing but its capital-raising potential too. "My concern, though, is not only that the share price should be healthy, but that it should be realistic. If you are undervalued there are penalties, and if you are overvalued there are risks."

In fact, the practice of investor relations varies widely from one company to another. Some have large, active departments, others, small, relatively passive ones. On average though, an IR man spends about half his time promoting his company among the investment-decision-makers, and half responding to the needs of existing or potential investors.

IR departments also act as a source of information for shareholders. Staff are available to answer questions, which can range from a Mid-West farmer querying company policy on farm subsidies, to a grilling from a pension fund manager on the latest financial statement.

Mr. Turner estimates he gets over 1,000 inquiries a year, and that most of them are "tough and specific." At Mobil, they keep a thick book with all conceivable questions and answers about the company, provided the information is not confidential.

But though IR is aimed at the investment community in general, most IR departments try to concentrate on chosen sectors, either to build up the right balance of shareholders or ensure that a valued type of investor is getting the information he needs.

This means keeping a constant watch on data about shareholders and potential investors, how and why they make investment decisions, and so on.

St. Regis divides investors into seven categories: (1) Large institutions (colleges, foundations, etc), (2) Banks, (3) Investment advisers, insurance companies, (4) individuals and registered representatives (brokers, etc.), (5) its own employees and people with special connections with the company (that is, widows of former employees), (6) foreigners, and (7) current shareholders.

Broadly, St. Regis also distinguishes between those investing their own money or those investing other people's, because motives and reactions to market trends can be quite different. Individuals tend to be more loyal as shareholders than do institutions, but if too many of them fail to react to the market the share price can become distorted.

Policy

Mr. Turner explained that St. Regis has a policy on how strongly represented each investor category should be so that it knows where a greater or lesser IR effort is needed.

Individuals are still the largest single group of shareholders in the U.S., according to the New York Stock Exchange's last survey in 1975 which put their holdings at 53 per cent of the total. But their role is weakening fast. Their share was 64 per cent in 1970—and is likely to be below 50 per cent by now.

The corporate world interprets this to mean that the average shareholder is becoming less loyal, thus further underlining the need to woo him.

IR's fast-growing importance is reflected in the fact that today, the IR manager usually has an office close to the executive suite with a direct line to top management. This enables him to be thoroughly familiar with management thinking on a host of subjects, and puts all the facts and figures at his fingertips. But this close relationship also benefits senior executives who need constant feedback on the market impact of their decisions.

Most companies are therefore prepared to pay large sums of money to maintain an IR department, even though its returns can seldom be measured in terms of hard cash. The precise sums spent on IR are closely guarded secrets, but it is estimated that the Fortune 500 companies' combined bill works out at over $1bn a year.

A new driving force in the machine tools industry

BY HAZEL DUFFY

THE MACHINE tools industry thinks that it has come in for more than its fair share of criticism from armchair commentators in the past, but in electing John Halbert as president of its trade association it can expect to bear a few home truths from within its own ranks over the next couple of years.

Past presidents of the Machine Tools Trade Association (MTTA) have sometimes had a go at the unions, at government, and other outside bodies, but Mr. Halbert believes that the industry needs to take a look at certain aspects of its own performance.

Most important of these is marketing, and exporting in particular. "Some of our machine tool manufacturers are world leaders," says Mr. Halbert. "But as an industry we are so insular. We look at trade in terms of machine tools alone."

That might seem a strange criticism for an industry which must have the right products at the right price if it is going to sell them, and which therefore devotes more of its resources to manufacturing than marketing. But Mr. Halbert thinks the time has come when companies must look at the finer aspects of trading, while acknowledging that part of the reason that they have been neglected for so long is that the industry is represented by such a large number of small companies (membership of the MTTA in 1978 totalled 341 companies in what is a fairly small industry).

As chairman of a private company which acts as a consultancy for machine tools purchasers, Mr. Halbert is in a privileged position from which to judge the industry. In spite of its name, his company, Associated British Machine Tool Makers (ABMTM) owns only one manufacturer. Its main activity is advising on the right machine tool for the client, if necessary by designing the product.

ABMTM has been concerned with machine tools since it was set up in 1917, but recently Mr. Halbert has taken the group into new activities, including marine projects, where he has been particularly successful. Selling 21 patrol boats to the Mexican navy led to his appointment as an adviser to British Shipbuilders: he has subsequently clinched a £1½m deal with Libya, and is in the process of developing an "ambulance boat" at a cost of £400,000 which he proposes to sell to the Third World.

John Halbert—looking for product rationalisation.

His experience in putting together package deals, where ABMTM often arranges financing as well, has convinced him that it is a much more effective way of exporting than efforts by individual companies. He believes there is a lot more potential for British machine tool manufacturers to get in on deals negotiated by other companies supplying equipment overseas.

Ships and sulphur

His approach to the developing world, which is so often held back by financial constraints is that industries should look at the goods that the customer country has to offer. The Mexican ships deal, for example, was clinched because ABMTM found buyers for some of the sulphur that Mexico was having difficulty in selling. It is an approach that he thinks must be taken towards China. But he denies that it is bartering: "I like to see it as a moral link."

He is a firm advocate of rationalisation in the industry—a view he will be canvassing during his two-year presidency of the MTTA — but does not believe this necessarily means small firms being swallowed up by large ones. He would like to see merchant banks investing in some of the small companies in the industry, so that they can survive on their own.

It is product rationalisation that he wants to see. "We obviously cannot be self-sufficient in machine tools, but at the moment there are too many companies competing on some products, while other products are just not made in this country at all." Mr. Halbert thinks if this rationalisation could be achieved, machine tool prices would go up and give the industry enough resources to carry out more research and development.

The only growth in the machine tools industry currently is numerical control, or technologically advanced machine tools, as Mr. Halbert prefers to call them. Yet the whole sector in this country is treated like a "boffin's playground," he says. "Partly the problem is that the industry is not getting the co-operation from its electronics partners. But it is not any use blaming the slow take-up of these machine tools by British industry, as the machine tool industry often does. They should just look at their own slackness in investing in technologically-advanced products. I should like to see a picture on every stand displaying such products at Mach 80 (the MTTA's exhibition next year) of the manufacturers' own works. That might bring home how old some of their machinery is."

Mr. Halbert thinks that a couple of firms in the industry must set up an electronics capability of their own if progress is to be made on the NC front. If the industry itself cannot do it, then the Government must.

In an industry which exports nearly 50 per cent of its output, marketing is a subject which is treated with due respect by the MTTA. But as president, Mr. Halbert, who has been a member of its export committee for 10 years has a platform where he can press for some of his ideas on exporting, as well as other aspects of the industry. As the UK's share of world trade in machine tools continues its slow decline, he sounds worth listening to.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Paging in Moscow

MULTITONE yesterday consolidated its lead in the world personal paging system market with the announcement of a resounding win in the contest for the Moscow and Tallinn 1980 Olympics paging equipment contract.

The $1.2m award covers the supply of over 3,000 bleepers, but also of a full radio coverage of the city of Moscow, a problem comparable to that of the Post Office in its wide area paging service for London. This is the major difference between the Moscow system and those for the Munich and Montreal Olympics, also supplied by Multitone.

The area which has to be "saturated" is 400 square miles and four transmitters are being provided. In London, the area is 900 square miles and nine transmitters ... provide ... the service.

The receiver chosen is the recently developed RB151, an extremely compact unit that will nevertheless provide eight distinctive tone call codes, together with a bright red numerical display. Four of these codes will be used at the Olympics plus a special group alert signal to call several people simultaneously in an emergency. There is also a special out-of-range facility which warns a user when he is moving from the paging system coverage area.

When an official is watching a contest where a sudden noise could hamper a competitor, he can switch the bleeper to memory, silencing the audio side and allowing only the visual warning to proceed.

Both in Moscow and in Tallinn the company's Access 1800 control systems will be used.

After the Games, the Moscow system will be taken over by the city's first-aid organisation.

It is understood that five other international companies were bidding for this plum contract.

Multitone Electric, 6 Underwood Street, London N1 7JT. 01-253 7611.

Data from the ocean floor

ALL THE control signals to, and the deprived data from, Consub 2, the unmanned submersible developed as a private venture by British Aerospace, are dealt with by a pulse code modulation transmission system supplied by Base Ten Systems, of Lower Farnham Road, Aldershot (0252 312911).

The vehicle is designed to perform such tasks as undersea oil and gas pipeline surveying at depths to 2,000 ft and it uses digital techniques widely.

It is therefore a classic case for the application of PCM, since the need is for minimum cabling to the surface: data to and from the craft travel on two simple cables.

In PCM, the instantaneous value of a signal is given a digital pulse code and the resultant data stream is time multiplexed with many other channels for transmission down the same cable. Analogue signals are reconstructed at the far end.

Thus a link is formed between surface operator and submersible, permitting control of the craft's colour and monochrome television cameras and manipulator arms, as well as the collection of data from the various underwater navigational aids and sensors.

Emergency men in touch

DESIGNED FOR use by fire fighting personnel, security officers and rescue teams, a "personal public address" system has been developed by Smiths (Electrical Engineers), Baldwin Street, Bamber Bridge, Preston PR5 6SR (0772 35883).

Object is to get over the problem of making oneself heard when wearing breathing apparatus; each man has a throat microphone and a compact, waist mounted amplifier/loudspeaker unit which in effect becomes the voice.

Called Sebitron, the equipment can be used with any type of respirator provided that normal hearing is not obstructed and so will enable the user to keep in speech contact with other personnel in smoky, fume-laden or noxious gas atmospheres. Audio volume is adjusted by a control knob on the side of the waist unit.

With batteries the weight of the unit is 0.67kg (1½ lb) and having no trailing wires it presents no safety hazard.

● PROCESSING

Shreds to tinier pieces

GREAT space-saving benefits are derived from using a conveyor-fed shredder compared with conventional single cut shredders, says Eba System (Marketing), 20 Broadway, Thatcham, Berkshire RG13 4HX (0635-63203).

This crosscut shredding machine can reduce confidential documents down to tiny pieces measuring only 2mm x 13mm, promising as much as five to one volume reduction against usual single-cut shredders.

Because the system includes a powered crushing paddle, says the company, crumpled papers and large drawings can be handled easily. A special device avoids jamming by excess loading and the shredding head is said to be completely unaffected by staples, paper-clips or treasury tags.

Output is discharged directly into a closed polythene sack.

Burnt smell removed

CAPABLE of saving millions for insurers and victims of fire damage, a service just launched in the UK claims to be able to remove smoke odour from premises and from goods completely and definitively.

It is offered on 24-hour emergency terms and is so effective that it will eliminate any need to write off or write down merchandise or remove furnishings because of the objectionable smell left by a fire, the developers assert.

The process consists in cleaning off the sooty stains throughout a building and from goods and then chemically neutralising residual smells by odour counteraction techniques.

Providers say that in most cases, warehouses, supermarkets and other premises should be back in business within a day.

Odex Airkem, Cromwell Road, Ellesmere Port, South Wirral, L65 4DP. 051 355 2002.

Strips rust and scale

ABLE TO strip oxide, scale and rust from metal faster than power wire brushes a new abrasive medium has been introduced by the industrial trades group of 3M United Kingdom.

Scotchbrite "Clean 'n Strip" discs and wheels are non-metallic, flexible webs for heavy duty uses, such as cleaning metal surfaces, conditioning welds, cleaning extruder screws and injection moulders for plastics, removing coatings on electric motors, cleaning concrete moulds and forms, and for general plant maintenance jobs.

The web works without the hazards inherent in wire brushes such as loose, flying wires. The discs and wheels produce a fast, controlled cut. Uniform mineral impregnation of the web gives cleaner, more consistent surfaces, better adhesion, higher quality and fewer rejects.

Discs are recommended when conforming ability on an uneven surface is necessary; unitised wheels when long life is important.

3M United Kingdom, 3M House, PO Box 1 Bracknell, Berks. RG12 1JU.

● TEXTILES

Controlled drying of big hanks

IN DRYING textiles the losses of heat—energy—are probably higher than anywhere else in the industry and it is in this area that machine builders are seeking ways and means of making economies.

For a number of years, a system of drying dense packages of yarn has been under investigation. It has been argued that the use of radio frequency heating will evaporate water to give a dry package of yarn with a minimal consumption of energy.

Until now this system has not generally had much apparent success, but now a completely new machine has been introduced which, it is claimed, overcomes the inherent problems associated with radio frequency heating and opens the way to a new range of drying machines.

Called the Electrodry, the new machine is being built by Samuel Pegg and Son (Barkby Road, Leicester LE4 7LP. Tel. 0533 766651) and it operates on a simple conveyor system. Packages of wet yarn are placed on the conveyor and taken through the drying chamber to emerge at the other end with the correct moisture content.

Because it uses high frequency waves to evaporate water the machine does not require a heating up period and once switched on it is only consuming electricity when it is actually drying the yarn. It has the added advantage that drying throughout the package is completely even, so there is no danger, as with certain existing machines, for the yarn to be over-dried in part.

Moisture regain values in the yarn packages can be controlled precisely by means of a single dial control which determines exactly at what moisture content the yarn leaves the machine. It can be varied from wet to dry.

Noise levels are said to be well within legal limits now being imposed by certain international authorities.

The Electrodry is being constructed in no less than 24 different models which vary in size from only 15 kW up to 135 kW generator output and with an evaporative capacity of 20 up to 180 kg/hour.

The machine is compact, but is built in modular form so that if it is required to increase the throughput after an initial machine has been installed this can be done by adding to it another module.

● SAFETY

Watch over hazards from gas

RAPID PROGRESS of technology in industry has created more hazardous job situations which in turn has emphasised the interest in improved safety considerations.

A company which was established 20 years ago and originally developed and manufactured gas monitoring systems for the American space programme, is particularly concentrating now on obliterating problems of injury or death to people exposed to gas leakages in offshore and on-shore situations.

A multi-channel combustible gas monitoring system, designed to European standards, is offered by General Monitors UK, Peter House, Oxford Street, Manchester M1 5AU (061-228 3182).

Its catalytic sensor is used, in conjunction with the system which can contain up to 16 completely independent channels per 19 inch rack system. Each channel provides analogue display of gas concentrations, with indicators for malfunction, low alarm, high alarm and power on.

Each channel control card is easily calibrated from the front panel and incorporates an automatic alarm inhibit function when in the calibration mode.

Installation costs are said to be considerably reduced as improved fail-safe sensor drive circuits use small cross sectional area multi-core cables over distances in excess of 5,000 metres between sensors and control units.

● COMPONENTS

Motor has printed stator

IN A design of dc permanent magnet motor developed by Printed Motors of Oakhanger Road, Bordon, Hants., GU35 9HY (04203 3033) the normal role of stator and armature are reversed.

Able to develop ¼ hp, the machine has the permanent magnets on the rotor while the flat, ironless stator is of the printed circuit type. Commutation between the stator coils is carried out electronically using optical sensors or Hall effect devices, depending on the application.

The design eradicates brushes, reducing maintenance and eliminating commutator sparking so that the motor can be used in a hazardous environment.

Furthermore, since the speed of the rotating field produced by the electronic commutation can be controlled independently the motor can be run in synchronism with an external signal and with other motors of the same type.

Starting torque and power to weight ratio are claimed to be high, mechanical and electrical time constants are very low and the power output is "extremely smooth" due to the large number of field switchings per revolution.

Writing a big trace

USEFUL IN technical demonstration, teaching and other areas where waveforms need to be seen by more than one person, a relatively low cost large screen oscilloscope, the BWD 1722, with a 17 inch screen, has been introduced by Climaire of Apsley Road, New Malden, Surrey (01-949 3381).

Comparison of waveforms on a time basis becomes particularly convenient in this instrument because four channels can be shown at the same time, with triggering from channel one.

Inputs are ac/dc coupled, with independent gain and shift controls, and continuous sensitivity control from 35 millivolts to 50 volts per inch is provided.

The horizontal time scale extend from 10 microseconds to one second per inch in ten ranges and there is a "times 5" expansion control. Price is £1,350.

Static time-lag relays

FOR USE in automatic equipment and in protection schemes, static time-lag relays with delayed drop-out and pull-in are offered by ASEA, 41 Strand, London WC2N 5JX (01-930 5411).

Drop-out delay version, RXKC 2H, is available with three different range settings spanning 60 milliseconds to 20 seconds. Analogue time measurement circuits are employed and at the end of the set time a remanence relay drops out, using energy stored in capacitors.

RXKD 2H, with delayed pull-in, is also supplied with one of three settings ranges, in this case spanning 0.75 sec to 120 hours. Time measurement for these units is digital, allowing either continuous or summated timing. There are two electromechanical relays: one, with an indicating flag, pulls in at the end of the set time while the other does so immediately the supply voltage is applied.

Shows flow of current

BASED ON an MOS field transistor circuit a completely solid state electrometer from Keithley Instruments 1 Boulton Road, Reading, Berks RG2 0NL (0734 861287) produces a digital display of currents down to 10 attoamperes—a flow of only 60 electrons/sec.

The unit, which can also measure correspondingly minute charge levels and voltages down to 10 microvolts, is aimed at laboratories making radiation, mass spectrometry and other ultra-high sensitivity electrical measurements.

Measurement point is a remote head, thermally and mechanically stable, containing low current MOSFET, preamplifier, and the necessary feedback circuits for measurement purposes. For the smallest measured currents, a sapphire-mounted box is used. The head is cable connected to the main instrument to bring it as close as possible to the experiment.

Push button range selection makes the instrument as easy to use as an ordinary digital voltmeter. Outputs are provided for recorders, and optionally, a binary coded decimal signal. Operation from mains or 12 volts DC is possible.

● HANDLING

Multi-role trencher

ATTACHMENTS SUCH as trencher, vibratory plough, blade-backhoe, reel carrier, rotary broom, dozer blade and rock cutter, all enhance the versatility of a trenching machine which is also designed to cope with a variety of earth moving functions.

The unit may be used for five earth moving functions without changing attachments, claims Metaquip, Blandford Heights, Blandford Forum, Dorset DT11 7TE (0258 54226).

● INSTRUMENTS

Approval obtained

DANFOSS, of Horsenden Lane South, Greenford UB6 7QE (01-998 5040) reports that its ranges of electronic pressure and temperature transmitters EMP2 and EMT2 have received approval by BASEEFA (British Approvals Service for Electrical Equipment in Flammable Atmospheres) to standard SFA 3012: 1972.

The units can be used with a wide range of gases and liquids with one per cent accuracy, operating from a 24 volt dc unstabilised supply. The usual outputs of 4 to 20 mA and 0 to 20 mA are provided, and are proportional to the measured parameter.

LOMBARD

Goodbye to the British

BY JONATHAN CARR IN BONN

THE LABOUR Party's manifesto for European direct elections seems bound to be snapped up eagerly abroad. Word has already spread that the document hints Britain will leave the Community unless fundamental changes are forthcoming. Continental Europeans will hardly be able to believe their good fortune. Like members of a club losing an inveterate moaner about the subscription and rules, they may even feel disposed to toss their hats in the air.

Baffled

Still, it would be unwise for them to celebrate prematurely. As Britain's eight Community partners know only too well the Labour Party is not the Government. How often they have watched Mr. James Callaghen or Mr. Denis Healey attempting to negotiate in good faith in Brussels while at home Labour Party members fulminate against the EEC and all its works. The results of this division are often astonishing. For example, Government leaders can satisfy themselves that the European Monetary System (EMS) could well benefit Britain—but they cannot insist on full membership for fear of antagonising the anti - Europeans. Britain's baffled partners are thus faced with the spectacle of a country prepared informally to take on the discipline of the system while cutting itself off from the benefits which go with formal participation. Those whom the gods wish to destroy they first make mad.

This sad picture may, after all, cause the other eight countries to tone down the elation they might otherwise show at the prospect of British withdrawal. No doubt it would be better to display statesmanlike regret—and for a minority thet will not be hard. Take Chancellor Helmut Schmidt, who has spent much of his career insisting that Europe could not be built without the British. The French were always saying the Anglo-Saxons could not be relied upon but, despite frequent evidence to the contrary, Herr Schmidt took another view. It sustained him even through that irritating period of so-called renegotiation, culminating in the Dublin Summit Conference of 1975.

Or take Herr Willy Brandt, Newly in office as Chancellor in 1969, he invested much energy in pressing the French to agree to negotiations on Community enlargement—to include Britain. It will hardly be a welcome realisation for him that he was wasting his time. Like many other West Germans, no matter whet their political party, he really thought that British membership would give the Community a new dimension—the accumulated wisdom of a parliamentary democracy with a long history and worldwide experience. How wrong can you be?

There may even be a few to regret what might have been had Britain, instead of announcing withdrawal, gone on to fight some of its more sensible battles inside the Community. After all, it is not as though Britain has no allies in the West German Government for its views on changes in the Common Agricultural policy (CAP). The question is not whether such changes should be made but how and according to what timetable. There are also those, even now, ready to lend a sympathetic ear to Britain's Community budget complaints. Why should there not be—since West Germany and Britain are two major net contributors and have a common interest at least in seeing that the money is spent wisely?

Alternatives

But all that would pre-suppose that Britain was prepared to negotiate constructively—fighting for its national interest like every other member but not with the attempted blackmail of withdrawal. After six years of British Community membership the mood in West Germany is clear enough.

Community business, imperfect though it be, is not going to grind to a halt for another re-negotiation. If Britain feels that the United States or the Commonwealth still provides some kind of alternative; if it is encouraged by the treatment EFTA states have received from the EEC and would like to be one of them again; or if it feels it could rejuvenate its industry behind a protectionist wall without causing similar barriers to be erected against its exports elsewhere: if, in sum, it thinks that its difficulties are community-induced and not self-created—then Britain should leave, and close the door firmly behind it.

AROUND BRITAIN

BRADFORD

A late entrant in the race to attract new industry

BY ANTHONY MORETON

FOR SEVEN days in October, Bradford, in Yorkshire, is to play host to the world. If this is a sweeping assertion about what will actually happen it does have a grain of truth in it. Bradford intends to promote itself to the world in the first week of October and it is inviting industrialists to see for themselves what the city has to offer.

Late entrant

Central to the promotion will be the *Bradford Experience*, an exhibition costing £100,000 to portray six aspects of life in the metropolitan district—its people; land and building; financial services; communications; a place to live; and the various services on offer.

Bradford is a relatively late entrant in the highly competitive race to attract new industry. Northern rivals such as Newcastle, Hull and Liverpool have long accepted the need to sell themselves, also much smaller ereas sucb as Thamesdown (known as Swindon) or Corby, with arguably fewer problems, heve also seen the necessity.

However, Bradford has come to the realisation that its near neighbour to the south, Sheffield, has been getting the industrial cream. It now wants to win a share for itself.

By national standards Bradford is not a badly depressed area. This is reflected in the fact that it enjoys only "intermediate area" status. It has 6.9 per cent unemployed compared with the national average of 5.7 per cent, but is at a disadvantage compared with Sheffield (4.5 per cent), the diversified Leeds (5 per cent) or West Yorkshire as a whole (5.2 per cent).

The city, however, over the past two decades has had to come to terms with the declining importance of its major industry—wool textiles. Not long ago, half the city worked in the woollen industry and a sizeable proportion of the rest were in services attached to it. Its bigger employers scoured India and Pakistan searching for workers to man its plants, especially to operate the night shifts and replace the women workers wbo were moving ont into more socially acceptable jobs in shops and offices.

Many of those women bave gone into the mail-order firms. With both Grattan Warehouses (3,590 employees, turnover £155m) and Empire Stores (5,130 employees, turnover £93m) in the city's boundaries this has been one of the big growth points since the 1950s. Another has been the building society movement with the Provincial and the Bradford and Bingley among the country's top dozen.

Services too, have grown in importance as manufacturing industry has declined. The change has not been unwelcome but the city now believes it is time to attract back some manufacturing concerns in order to avoid becoming over reliant on white-collar occupations.

Cheap imports

Now, only about a quarter of Bradford's workforce is employed in the wool textile industry. The bottom end of the trade has been hit by changes in fashion and increased imports of cheap clothing. At the same time the large number of small- and medium-sized firms have been rationalised into a smaller number of large ones. Many of the old mills are, consequently, empty and gaunt. These changes have left gaps in the city and it is these that need to be filled.

These gaps increased last year with two painful closures outside the woollen industry. In March Lucas Aerospace announced plans to close plants in Bradford and Shipley, throwing 700 out of work (a blow which was partly offset by the company's decision to open another works employing 400); and immediately afterwards, in April, Thorn Industries laid off 2,200.

Bradford's problem is thet there have been few big newcomers and most of the growth which has taken place has been in small local concerns growing larger. Such growth is not unwelcome but it is not sufficient, especially with Sheffield doing rather well.

What the city needs to do quickly is to improve its image. While it may not be the "Jerusalem in England's green and pleasant land" of which William Blake wrote, it is not his land of "dark Satanic mills," either. It wants to get this message across firmly.

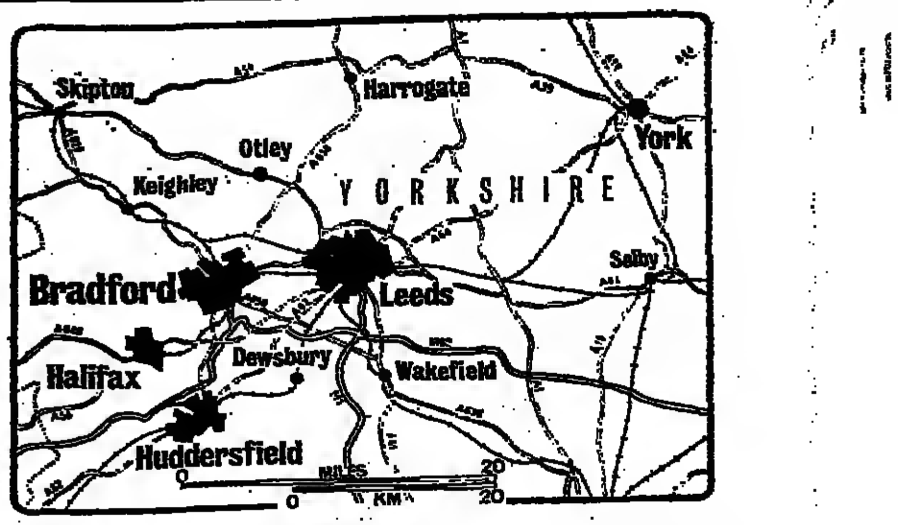
In fact, Bradford has been a very acceptable home to many ethnic minorities, long before the Pakistanis arrived. Even today one part of the city is known as Little Germany and there are still pockets where it is possible to trace Polish, Lithuanian and Italian antecedents.

By far the largest minority is the Pakistanis. There are some 42,000 non-whites in the city, about 9 per cent of the total population. Because of the number of young people going to Bradford the birthrate of non-whites is rising at a time when that of the whites is falling. It is estimated that by 1986 there will be 66,000 non-whites out of a population of 415,000—16 per cent of the total.

Bradford has absorbed these new immigrants as it absorbed earlier waves without any real problems and race relations within the city are good.

In order to mount an exhibition as large as the *Bradford Experience* the local authority hes had to go to the Richard Dunn sports centre, a mile or two from the city centre. Nothing wrong with that: tha sports centre is an attractive building, opened less than a year, with one of those fashionable irregular shaped swimming pools, complete with poolside greenery, that are all the municipal rage just now.

The centre is named after Mr. Richard Dunn, a local-boy-made-good whose chief (probably only) claim to world fame is that be fought Muhammad Ali. For a year and 13 days Dunn was the British heavyweight boxing champion and on May 25, 1976, he lasted five rounds with the champ, which was good going. Bradford hopes his example will be equally good for the city over seven days in October.



RACING

BY DOMINIC WIGAN

Alverton has the class

PROVIDED there is no severe deterioration in the weather overnight, Sandown should today give us the first afternoon's recing in 10 days.

One man who will he more anxious than most for racing to be given the go-ahead on the Esher course is Peter Easterby. The northern trainer usually does well with those runners he aends on the long haul south to Ascot and the Park courses and it could well he that Alverton will add to that success rete with e win in the Leisure Caravan Parks Chase.

The nine-year-old Midsummer Night II gelding, whose best price for the Piper Cheltenham Gold Cup is 40-1, showed thet he had suffered no ill-effects from a tumble in the Massey-Ferguson Gold Cup when re-appearing at Wetherby on Boxing Day. Jumping well throughout in that course's two-mile Castleford Chase, Alverton found giving 10 lbs to Lord Greystoke too mucb, and went down by three lengths. He was not given an unnecessarily hard race hy Jonjo O'Neill.

Although an 11-8 on chance there, Alverton almost certainly ran up to his hest over a trip a long way abort of his optimum, and I shall be most surprised if he does not take all the heeting this afternoon. I hope to see bim gain his 21st and most important success with a win over the fast-improving Diamond Edge.

There would be no more popular winner of the Park Cbase, half-an-hour before the Leisure Caravan Handicap, than Diamond Edge's stablemate, Isle of Man, for not only is the 12-year-old owned hy the Queen Mother, hut he has so often in the past put up his hest performances here.

A respectable fourth behind Siberian Sun in Newbury's Old Year Chase on his only previous appearance this term, the Saxon House chaser seems aure to make a bold bid for his fifth course triumph. Bnt he is quite the force he was a few seasons back and I rather doubt his now being good enough to cope with Persian Camp.

A better proposition from Fulke Walwyn's prolific Lambourn establishment is probably another horse carrying the Queen Mother's colours, Special Cargo. This once-raced brown gelding, wbo has the stamp of a smart chaser in the making, put up a highly encouraging performance wben running the more experieoced Colway Boy to four lengths in a division of Newbury's Speen Novices Hurdle on November 25.

SANDOWN
1.00—Special Cargo***
1.30—High Grange
2.00—Persian Camp
2.30—Alverton**
3.00—Spartan Missile
3.30—Coutean
4.00—Royal Coachman*

TV/Radio

† Indicates programmes in black and white

BBC 1

9.30 am For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.20 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Brown Wold. 5.10 Grange Hill. 5.35 Noah and Nelly.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide
7.00 Tom and Jerry.
7.10 Wonder Woman.
8.00 The Superstars.
9.00 News.
9.25 1979 European Figure Skating Championships.
10.15 Up, Up, Away (London and South-East).
10.45 Regional and National News.
†10.50 The Late Film: "Young Man of Music," starring Kirk Douglas.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum. 10.45-10.50 Regional, National News.

Wales—11.05-11.30 am For Schools (Let's Look at Wales). 1.45-2.00 pm Sloncyn. Sporcyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 King of Instruments. 10.15 Kane on Friday. 10.45 Regional, National News. 10.50 Hanner Munud. †11.20-1.10 am The Late Film: "Young Man of Music."

Northern Ireland—10.23-10.28 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In The Country; Midlands (Birmingham) Midlands Tonight; North (Leeds) Men on Women on Men; North East (Newcastle) Mr. Swan's Electric Light; North West (Manchester) Unlucky For Some; South (Southampton) All Together Now; South West (Plymouth) Peninsula; West (Bristol) Loved I Not Hannah More.

BBC 2

11.00 am Play School.
3.35 News and 2 Headlines.
3.45 Charlie Chaplin in "His New Job."
6.10 Horizon.
7.00 Rebecca.
7.50 Mid-evening News.
8.00 Design by Five.
8.25 Westminster.
9.00 Pot Black 79.
9.25 Pro-celebrity Golf.
10.15 Late News.
†10.30 "Desert Love" (Le Souffle au Coeur) starring Lea Massari.
12.25 am Rock Goes to College.

LONDON

9.30 am Schools Programmes. 11.54 Cartoon. 12.00 A Handful of Songs. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 The Ghost of Motley Hall. 4.45 Magpie. 5.15 Thames Sport.
5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Flambards.
8.30 Vegas.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme.
12.10 am George Hamilton IV.
12.40 Close: A painting by Breogbel with Renaissance music.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday matinee: "One Way Street." 5.15 Sam. 8.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "The Gun" starring Stephen Boyd. 1.05 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Love at the Movies: "Love in the Attic."

BORDER

1.20 pm Border News. 2.25 Matinee: "Men Without a Country." 5.15 Gamoch Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 10.30 Borderers. 11.00 Late Film: "The Mummy." 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "Tell Me Where It Hurts." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. †10.32 Action Adventure: "Lolita." 1.05 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 10.30 Reflections. †10.35 The Friday Film: "Vampire Circus." 12.10 am Grampian Late Night Headlines, followed by Road and Ski Report.

GRANADA

1.20 pm This Is Your Right. 2.25 The Friday Matinee: "Larry." 8.15 Mr. and Mrs. 6.00 Granada Reports. 8.30 Kick Off. 10.30 The Friday Film: "Lady L," starring Sophia Loren and Paul Newman. 12.30 am The Fire and the Snow.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "Men of the Dragon."

HTV CYMRU/WALES — As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Flant Y Byd. 6.00-6.15 Y Dydd. 10.35 Sneakes Special. 11.05 Outlook. 11.35-12.30 am Rush.

HTV WEST—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 3.20 Heart to Heart. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 Mary Tyler Moore Show. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Terror On The Beach."

SOUTHERN

1.20 pm Southern News. 2.00 Farmhouse Kitchen. 2.25 "The Late Edwina Black," starring David Farrar. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Weekend. 10.35 A Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "Kenal."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee: "Goodbye Raggedy Ann." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 The Friday Film: "Spellbound," starring Ingrid Bergman and Gregory Peck. 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Friday Matinee: McCloud. 4.18 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Quincy. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "Tell Me Where It Hurts." (TV Movie). 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.30 Time Out. 10.28 Westward Late News. †10.30 Feature Film: "Lolita," starring James Mason. 1.20 am Faith For Life. 1.25 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "McCloud." 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 8.00 The Benny Hill Show. 10.30 Calendar Special. 11.00 Appointment With Fear: "Invasion of the Body Snatchers."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.30 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allen (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Tako Your Partners of the Radio 2 Ballroom (S). 8.02 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta On Donna. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

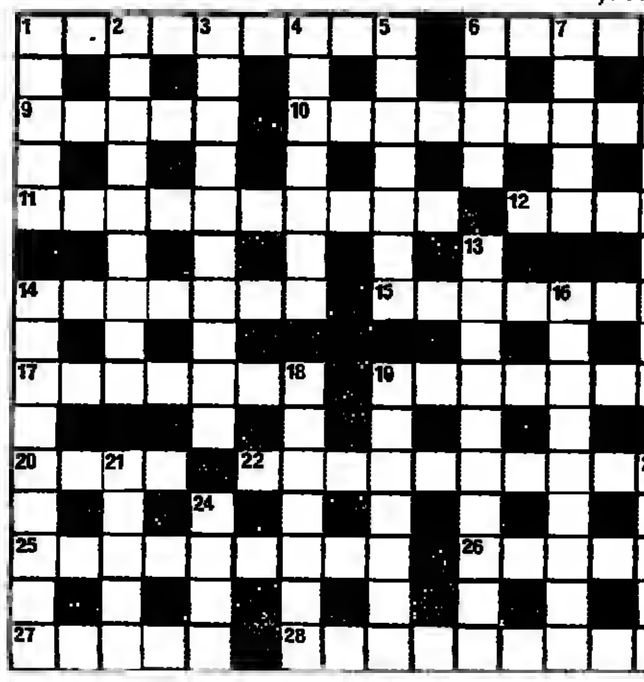
6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Debussy (S). 9.35 Young Artists Recital (S). 10.40 Tel Aviv String Quartet, Concert, part 1 (S). 11.15 Interval Reading. 11.20 Concert, part 2. 12.15 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom, part 2 (S). 2.05 Music from the Reigns of Louis XIII, Concert, part 1 (S). 2.35 Interval Reading. 2.40 Concert, part 2 (S). Brahms and Debussy, Concert (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 Mozart, Strauss. 7.30 Music from Pebble Mill by Haydn, Tippett (S). 8.20 Poetry Now. 8.30 Music from Pebble Mill, part 2: Beethoven (S). 9.10 Stories On 3. 9.30 Charles Munch and the Boston Symphony Orchestra, part 1: Sibelius. 9.55 Public Opinion and Personal Faith. 10.10 Boston Orchestra, part 2: Faure. 11.00 Music Now. 11.55-12.00 News.

VHF—8.35-7.30 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. Magazine, including 6.45 Prayer for the day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits Daventry, Northants. 11.45 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour from Bristol. 3.00 News. 3.05 Moby Dick by Henry Reed: radio version with music (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 First on Friday with Fritz Spiegl. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

F.T. CROSSWORD PUZZLE No. 3,887



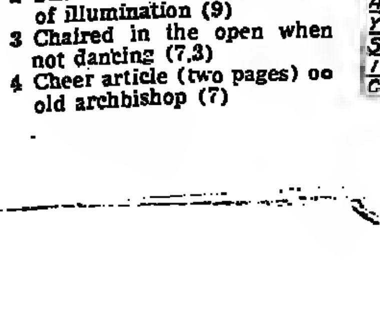
ACROSS

1 All the notes are same size as originals (4,5)
6 Second class weaver reaches perfection (5)
9 Allow a foreign currency to have it (5)
10 Entertainer hoping to be favourably charted (3,6)
11 He devotes attention to machine breaking new ground (10)
12 Biter bringing flavour back (4)
14 Bound to be taken on (7)
15 Representative may he found in untidy clay pit (7)
17 One-piece garment ordered by Dick Whittington (3,4)
19 No flyer could disturb a bunch of crooks (7)
20 Spoil vote for brother comedian (4)
22 Girls' passion fails to go off (6,4)
25 Agreement one gets on instrument (9)
26 Spring came to Virginia last month (5)
27 Way round New York calmed (5)
28 Recovery towards the end of day from the side (9)

DOWN

1 Undisguised sound of currency (5)
2 Strike over lamentable state of illumination (9)
3 Chaired in the open when not declared (7,3)
4 Cheer article (two pages) on old archbishop (7)
5 Make use of great achievement (7)
6 Boat trains (British) upset soldier (4)
7 Instrument that takes some stopping (5)
8 Mother has right to one account concerning marriage (9)
13 Falls before superior escapes as surplus (6,4)
14 Surround Cockney layer with direction finder (9)
16 Always happening to the aunt Colin muddled (9)
18 Unimportant test takes place about four or six (7)
19 Fixed catch so as to make weather forecast rock (7)
21 Priest misses last letter on right band page (5)
23 All the competitors seek admission (5)
24 Cart is three feet up (4)

Solution to Puzzle No. 3,886



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Winners of 1978 SWET Award Outstanding Achievement in Opera. Tonight 7.30 last perf of Tosca. Tomorrow & Wed next 7.30 Il Trovatore. Tue & Thu next 7.30 Carmen. 104 balcony seats avail for all perfs from 10.00 on day of perf.

COVENT GARDEN. CC. 240 1066. (Garden charge Credit Cards 836 6903) THE ROYAL BALLET. Tonight, Mon & Tue 7.30 THE ROYAL OPERA. Tomor 2.00 & 7.30 The Sleeping Beauty. Wed 7.30 La Fille mal gardée. 65 Amphi' seats avail for all perfs from 10 am on day of perf.

DOMINION. Tottenham Ct. Rd. 580 8562. LONDON FESTIVAL BALLET. Mar. 6 to 17 ROSALINDA new comedy ballet music by J. Strauss. Mar. 19 to 31 Nureyev's prods. of Tchaikovsky's The Sleeping Beauty. Mar. 20 to 31 Les Sylphides, Petrouchka ... now.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Until Feb. 24. D'OYLY CARTE in GILBERT AND SULLIVAN. Evgs. 7.30. Mats. Wed. and Sats. 2.30. Tonight, tomorrow and Mon. Tue & Wed next IOLANTHE.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sats. 4.0. (seats from £1 to £5). JOHNNY DORELLI IS BACK IN LONDON'S HAPPIEST AND SPECTACULAR MUSICAL BEYOND THE RAINBOW. From the Novel "After The Deluge." Over 100 Perfs. Now Booking to Sept.

ALBERY. From 8.30 am. 836 3878. CC. bkgs. 838 1071-3. Party rates. Evgs. 7.45. Thurs. and Sat. 4.30 & 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S MIRACULOUS MUSICAL. Fin. Times. OLIVER with ROY HUDD, GILLIAN BURNS, MARGARET BURTON.

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't 7.30, tomor. 2.00 & 7.30. Mon. Tue. Extra perfs Bronson Howard's comedy SARATOGA. ... "An irresistible, delightful evening." S. Times. ... RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evgs. 8.00. Tues. 2.45. Sat. 5.00 & 8.00. JAMES BOLAM in "A superb performance." F.T. GERALD FLOOD in A NEW THRILLER WHO KILLED AGATHA CHRISTIE.

APOLLO. CC. 01-437 2663. Evs. 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. PAUL DANEMAN, LANA MORRIS, JANE DOWNS AND DENNIS RAMSDEN IN SHUT YOUR EYES AND THINK OF ENGLAND. 2nd WICKEDLY FUNNY YEAR. "Very very funny, great entertainment." NOW.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious ... see it." Sunday Times. Mon. to Thursday 8.30. Friday and Saturdays 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Rd. 734 4291 or 439 8031. Mon.-Thurs. 8.00 pm. Fri. and Sat. 6.00 and 8.45. ELVIS! BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD. Group bookings 01-437 3856.

CAMBRIDGE. CC. 01-836 6056. Evs. 8.00. Fri. Sat. 5.45 & 8.30. TROUBADOUR. THE BEST BRITISH PRODUCTION OF A MUSICAL SINCE "CAMELOT". Brenda Marshall, Capital Radio. CREDIT CARDS WELCOME.

CRITERION. From 8.30 am. 930 3216. CC bkgs. 836 1071. Evs. Mon. to Thurs. 8.00. Fri. and Sat. 5.45 and 8.30. "THE NEW NAUGHTIEST PLAY FOR YEARS." CLOUD NINE. ... "BLISSFULLY FUNNY." Times.

DRURY LANE. CC. 01-836 8108. Mon. to Sat. 8.00. Mats. Wed. and Sat. 3.00. A CHORUS LINE. "A rare, devastating, joyous, astonishing stunner." Sunday Times. LAST NINE WEEKS.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri. Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth Sensational Year.

DUKE OF YORK'S. CC. 01-836 5122. Evenings 8.00. Mat. Wed. 3.00. Sat. 5.30 & 8.30. TOM COURTENAY, FELICITY KENDAL in CLOUDS by Michael Frayn. "MICHAEL FRAYN'S FUNNIEST PLAY." Daily Telegraph.

FORTUNE. 836 2238. Evs. 8.00. Thurs. 3.00. Sat. 5.00 and 8.00. MURIEL PAVLOW as MISS MARPLE in AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evs. 8.00. Wed. 3.00. Sat. 5.30 and 8.30. DENIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATHTRAP. "THREE CHEERS FOR TWO HOURS OF MARVELLOUS ENTERTAINMENT." S. Tel. "VERY EXCITING." Fin. Times. "VERY INGENIOUS, VERY FUNNY."

GLOBE THEATRE. 01-437 1592. Evgs. 8.15. Wed. 3.0. Sat. 6.0, 8.40. PAUL EDDINGTON, JULIA McKENZIE, BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE. "This must be the happiest laughter-maker in London." D. Tel. "An irresistibly enjoyable evening." Sun. Times.

GREENWICH THEATRE. 01-858 7755. Evenings 7.30. Mat. Sats. 2.30. ... "Enormously enjoyable." E. News.

HAYMARKET. 01-930 9832. Evgs. 8.00. Wed. 2.30. Sat. 4.30, 8.00. PENELOPE KEITH, ANTHONY QUAYLE, NIGEL HAWTHORNE, CHARLES KAY, ANGHARAD REES, IAN OGILVY in THE MILLIONAIRESS by BERNARD SHAW. Limited Season. MUST END MARCH 3.

KING'S HEAD. 226 1916. Dnr. 7.30. Show 8.30. THE ERPINGHAM CAMP by Joe Orton. "Full of comic invention." FT.

KING'S ROAD THEATRE. 01-352 7488. Mon. to Thurs. 9.00. Fri. and Sat. 7.30 and 9.30. THE ROCKY HORROR SHOW. DON'T DREAM IT, SEE IT. LAST NINE WEEKS.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT, FRANK FINLAY in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatre Award COMEDY OF THE YEAR. "TOTAL TRIUMPH." E. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR THEATRE. 01-629 3036. Feb. 5 one week. Evgs. 8.0. Mats. Thur. 3.0. Sat. 5.0. MARGARET RAWLINGS in EMPRESS EUGENIE. ... "An evening of extreme pleasure." Gdn.

MAYFAIR. 629 3036. (Green Park Tube) Lst Prfs Tmr'w Tmrw 2.30, 6.30. WELSH NATIONAL THEATRE CO. in UNDER MILK WOOD. Dylan Thomas's comic masterpiece.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Tonight 7.30. ... LYTTELTON (proscenium stage): Tonight 7.45. Tomor 3.00 & 7.45 BETRAYAL by Harold Pinter. COTTESLOE (small auditorium): Tonight & Tomor 8. LARK RISE. ... Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OPEN SPACE. 387 6969. ... BRIMSTONE & TREACLE by Dennis Potter.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. & Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. Tonight 7.30. NO MAY TODAY. Subs. Twice Daily 2.45 & 7.30. DANNY LA RUE as "Merry" Widow Twankey in ALADDIN. ALFRED MARKS as ABANAZAR, DILYS WATLING, BRIAN MARSHALL and WAYNE SLEEP. "One of the best-dressed and funniest pantos to be staged at the Palladium." S. Mirror. SEATS AVAIL. FOR TON'T'S PERF. TO AVOID DISAPPOINTMENT BOOK YOUR ½-TERM SEATS NOW.

PICCADILLY. From 8.30 am. 437 4506. Credit card bkgs. 836 1071. Mon.-Fri. at 8.00. Sats. 5.15 and 8.15. A NIGHT WITH DAME EDNA. Starring the universally successful BARRY HUMPHRIES. BOOK NOW. ONLY 5 MORE WEEKS.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs. Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. 01-930 8681. Credit card bookings 930 0846. Mon. to Thurs. 8.00. Fri. and Sat. 5.30 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE. "If you don't laugh, sue me." D. Exp. A National Theatre Production.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00, 8.30. "TIM BROOKE-TAYLOR, GRAEME GARDEN make us laugh." D. Mail, in THE UNVARNISHED TRUTH. NIGHT AND DAY by TOM STOPPARD. Directed by PETER WOOD. BEST PLAY OF THE YEAR. Evening Standard Drama Award.

QUEEN'S. CC. 01-734 1166. Half-price previews Evenings at 8.0. Fri. & Sat. 5.30. Opens Tues. Feb. 6. ... by PETE TOWNSHEND and THE WHO ... ANNA NICHOLAS and BOB GRANT.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7 pm, 9 pm, 11 pm. Open Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 21st SENSATIONAL YEAR.

ROYAL COURT. 730 1745. Mon.-Fri. 8.00. Sats. 5.00 and 8.30. MARY BARNES by David Edgar. "An evening to the theatre as entertaining as it is provocative." S. Exp.

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00. Fri. 5.30 and 8.45. Sat. 3.00 and 8.00. London critics vote BILLY DANIELS in BUBBLING BROWN SUGAR. NOW IN ITS 2nd GREAT YEAR. Book for the whole family. Easy parking.

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. TOM CONTI in WHOSE LIFE IS IT ANYWAY? ... "A MOMENTOUS PLAY. I URGE YOU TO SEE IT." Gdn.

ST. MARTIN'S. CC. 01-836 1443. Evgs. 8.00. Matinee Tues. 2.45. Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 27th YEAR.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE — WE'RE BRITISH. LONDON'S BIGGEST LAUGH. OVER 3,000 PERFORMANCES.

TALK OF THE TOWN. CC. 01-734 5051. Air-conditioning. From 8.00. Dining and Dancing. 9.30 SUPER REVUE RAZZLE DAZZLE and at 11.00 PATTI BOULAYE.

THEATRE UPSTAIRS. 730 2554. Ton't 7.30. Tomor 7.30 & 8.30. A production without décor. ON TOP by Liane Aukin.

VAUDEVILLE. CC. 01-836 9988. ... PATRICK GARLAND'S adaptation of THOMAS HARDY'S UNDER THE GREENWOOD TREE. "PURE DELIGHT." The People. "NOT SINCE WILD OATS HAS A PRODUCTION BRIMMED WITH SO MUCH GAIETY AND GOOD HUMOUR." S. Tms.

VAUDEVILLE. CC. 01-836 9988. LIMITED SEASON. Opening Feb. 12 at 7. Sub. Evs. Mon. 8 ... MAX WALL in AN EVENING OF LAUGHTER.

WEMBLEY ARENA. 01-902 1234. HOLIDAY ON ICE. ... "A Yankee Doodle Spectacular." E. News. ...

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS, SHEILA HANCOCK in ANNIE. "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. ... ALBIE SACHS. "Thrilling theatre." All seats £1.80. Adv bkgs Aldwych.

WESTMINSTER THEATRE. CC. 834 0283. ... "JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT" by Tim Rice and Andrew Lloyd-Webber. ... BOOK NOW. LAST 5 WKS. ENDS FEB 17.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thurs. 8.00. Fri. and Sat. 6.15 and 8.45. Paul Raymond presents the Sensational Sex Revue of the Century DEEP THROAT. FOURTH GREAT YEAR.

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Sunday 6.00 and 8.00. PAUL RAYMOND presents THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." News. THIRD GREAT YEAR.

WYNDHAM'S. From 8.30 am. 836 3028. Credit Card bkgs. 836 1071. Mon. to Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH. VERY FUNNY." Evening News. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC. "Sure-fire comedy on sex and religion." D. Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. For 2 Weeks only Fri. 7.45. Mats. Tues. 2. The Tba ... YOUNG VIC STUDIO. 928 6363. Ton't. ... LOCK HOLMES & THE RIDDLE OF THE ROYAL REGALIA.

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. Sep. perfs. All seats bookable. 1: SUPERMAN (A). Wk. and Sun. ... 2: ... Late show Tonight & Sat 11.10.

CAMDEN PLAZA (opp. Camden Town Tube). 485 2443. ... 6.45, 9.10. 4th Week.

CLASSIC 1, 2, 3, 4. Oxford Street. ... CAPRICORN ONE (A). ...

CLASSIC, Leicester Square. 01-930 6915. ... CAPRICORN ONE (A). ...

CURZON, Curzon Street, W1. 499 3737. ... INSPECTOR (AA). (English subtitles). ...

LEICESTER SQUARE THEATRE. 930 5252. DAMIEN OMEN II (X). ...

ODEON HAYMARKET. 930 2738-2771. MIDNIGHT EXPRESS (X). ...

ODEON LEICESTER SQUARE. 930 6111. ... THE DEER HUNTER ...

ODEON MARBLE ARCH, W2. 723 2011-2. ... FORCE 10 FROM NAVARONE (A). ...

PRINCE CHARLES, Leic. Sq. 01-437 8181. ...

STUDIO 1, 2, 3, 4. Oxford Circus. 437 3300. ... A WEDDING (AA). ... DEATH ON THE NILE (A). ... MIDNIGHT EXPRESS (X). ...

THE ARTS

Cinema

Horrors in slow march

by NIGEL ANDREWS

Damien—Omen II (X)
Leicester Square Theatre
Somebody Killed Her Husband (A)
Odeon Marble Arch
Paradise Alley (A)
Plaza 2, ABCs Fulham Road and Bayswater
Michael Relph and Basil Dearden
National Film Theatre
A Dream of Passion (X)
Paris-Pullman and Phoenix

"The first time was only a warning," announces the poster for *Damien — Omen II*; urging those who remember *Omen I* to the thought that if that bloodbath was only a warning — in which the murder toll included a decapitated David Warner, a defenestrated Lee Remick and a crushed Gregory Peck — *Omen II* must be made of strong, not to say stomach-turning, stuff.

It is and it is not. The violence boasted by this sequel is quantitatively more than in *Omen I*, but it has become oddly processional. At the fifth or sixth horrible death, the Law of Diminishing Impact sets in and one tends to lean back desensitised, letting one's mind wander between atrocities.

The Antichrist who visited us in the last film in the form of a small boy, the son of U.S. Ambassador to Britain Gregory Peck, has now grown into a stocky youth of some 16 summers — the titular Damien — who lives with his dead father's brother (William Holden) and sister-in-law (Lee Grant) in a rich mansion in Chicago. Mr. Holden runs a giant industrial corporation, and as you may remember from the Satanic troubles tycoon Kirk Douglas had recently in *Holocaust 2000*, there is nothing the Antichrist likes more to sink his teeth into than a slice of major industry.

Shock-waves radiate through the film from its post-credits prologue: in which two archaeologists working for Holden, Leo McKern and Ian Hendry, are caught and killed in the avalanche of a falling temple out East. Thereafter, the curse of the Antichrist established, there is a gory death approximately every ten minutes; and if you and your stomach can bear with equanimity the spectacle of a female journalist (Elisabeth Shepherd) being gored senseless by a roadside raven prior to being hit by a ten-ton lorry, than see how you fare with the scene in which a doctor is sliced in two —and his intestines cross-sectioned — by a power cable in a crashing lift.

The deaths, in a word, are not lacking in quantity or invention. What is lacking is sufficient plot justification for them. The Biblical mumbo-jumbo here invoked to explain Damien's mystic powers (and mostly plucked from the Book of Revelations) varies between the perfunctory and the ludicrous. There is far less quiet menace and slow build-up of story-clues than in *Omen I*—qualities that lifted that film way clear of its *Exorcist* rivals — and one has the feeling that the writers of *Omen II* started with the premise of a minimum quota of shrewdly-spaced deaths and then, as in a dot-and-line drawing, did their best to pencil in the connections. Though not unenjoyable as a 107-minute roller-coaster ride — and sumptuously shot in Panevision—the result suggests that the Omen saga, like so many spin-off series, is now embarking on the slippery path into pulp fiction.

★

In *Somebody Killed Her Husband* there is more hair to the square foot of screen than in any recent American movie. The legendary Ms Farrah Fawcett Majors contributes her rococo tresses to the role of a New York wife caught up in an affair and a murder plot, while Jeff Bridges, tousle-haired and hippy-bearded, plays the toy-department assistant at Macy's who joins her in both. Immured behind their respective foliages, they add the handicap of frequent physiognomic impenetrability to the natural disadvantages of a comedy-thriller script only a few notches higher in quality than the late-lamented *Foul Play*.

After falling for the loquacious, scatter-brained Mr. Bridges one romantic shopping afternoon in Macy's, Ms Majors invites him back to her luxury apartment. No sooner have they declared and consummated their love than Ms Majors finds her husband in the kitchen. Dead. With a knife in his back. They secrete the body in the fridge, realising their prime susceptibility as murder suspects, and set out to solve the case themselves.

The following adventures, strewn with additional corpses and culminating in a showy showdown in the toy-filled basement at Macy's, are directed by Lamont Johnson with some flair and acted by the principals with even more. The snag is the screenplay by Reginald Rose: which begins and ends with impetuous jollity, but sags in the middle as if someone has sat on it. Like *Foul Play* it has the germ—and more—of a bright idea, but it needs a Hitchcock to come in, tidy things up and lend the film a touch of class

★

Quite the loudest and most relentless American film of the week is *Paradise Alley*, in which the triple role of writer, director and star is sustained by Sylvester Stallone. If you thought that Stallone's *Rocky* had said all that there was to be said about rags-to-riches boxing careers on the seamy side of East Coast cities, you were in a state of happy ignorance. Ditto if you thought there was nothing more to learn about Mr. Stallone's star-making brand of adenoidal *machismo*—a cross between Marlon Brando and Yogi Bear. *Paradise Alley* leaps from the screen and hatters you about the ears. This multi-decibel reprise of Stallone's earlier hit is set in 1940s New York and wields a mercilessly one-note line in Damon Runyon-style dialogue. Stallone, playing the good-hearted loudmouth who wants to promote his younger brother's pugilistic career, gives a display of Actor's Egomania arguably unrivalled since Welles in *Citizen Kane* (whose egomania was at least in character); and the plot, at once sentimental and monolithic, seems to have come from some Stone Age of Hollywood evolution.

★

Why not enjoy the quieter pleasures of a season at the National Film Theatre? The producer-director duo of Michael Relph and Basil Dearden are not among the British film-makers who have set the Thames on fire: but their craftsmanlike, polished entertainments propped up the British cinema for 22 years (1947 to 1969) in one of that institution's generally less lustrous eras.

Most of the titles will be familiar to filmgoers with averagely long memories—*The League of Gentlemen*, *Victim*, *Woman of Straw*—but there are two earlier, lesser-known gems well worth your inspection. *Saraband for Dead Lovers* (1948) is a costume melodrama of rare flair about the life and loves of Sophie Dorothea, the German wife of George of Hanover. (She was discarded by him when he became George I of England.) The film stars Joan Greenwood, Flora Robson and Stewart Granger, and leads them and us a merry, sumptuously coloured dance through the staterooms and bedrooms of history. The other forgotten gem is *Pool of London* (1950). This sombrely atmospheric black-and-white thriller is masterfully constructed, and in its subplot account of a black sailor's adventures in London is surely the first British film to give a serious airing to the topic of race prejudice?

★

Melina Mercouri's voice, that distinctive mixture of honey and broken glass, lends Jules Dassin's *A Dream of Passion* some distinction, but not quite enough. Dassin's special brand of Hollywood Hellenism, which produced such cross-culture oddities as *Never on Sunday* and *Phaedra*, has here concocted a modern-dress *Medea*: or rather a meeting between two Medeas, since one is Miss Mercouri, playing an actress rehearsing the role for a Greek stage production, while the other is Ellen Burstyn, playing a real-life infanticidal mother doing time for her crime in a Greek prison.

Correspondences between Life and Art are on the menu; but Dassin, being Dassin, has overcooked it all. There is more spurious name-dropping in this movie than I ever hoped to encounter in a single film: a title dedication to Ingmar Bergman, a verbal homage to Bertolucci, etc. And meanwhile Miss Mercouri's performing style is so steadfastly manneristic that we never believe, as we are urged to, that her meeting with a "real" Medea has given both her acting and her life a spiritual blood-transfusion.

Elisabeth Shepherd in Damien-Omen II

Leicester Haymarket

Everything in the Garden

by MICHAEL COVENEY

Gwen Taylor and Diana Bishop — Leonard Burt

Giles Cooper's acerbic, beautifully written comedy of revenge on the materialistic middle classes was one of several excellent plays in 1962. Others—collected in Volume 7 of Penguin's New English Dramatists—were Rudkin's *Afore Night Come* and Wesker's *Chips with Everything*. I have long wanted to see this play and must first of all record my gratitude to the Haymarket and to Michael Meacham's tight and menacing production for bringing me up to date on a piece that predates Ayckbourn's first West End success by two years and is so prophetic of much we now take for granted in British drama, whether it be in Ayckbourn or a Mike Leigh improvisation.

Cooper (now dead) was an outstanding radio playwright and this his only real success in the theatre. The scene is a well-appointed sitting-room in an outer suburb of London. Jenny and Bernard Acton are comfortable, but feeling the pinch. There are school fees, gas bills, tax demands and the projected greenhouse to cope with. Jenny has placed an advertisement for a job and is visited by a Polish madame (Diana Bishop) of a high-class brothel who has an exact analysis: "You don't ask for much—just to keep what you want and each year it becomes more difficult."

While not being exactly the world of Mrs. Thatcher's *nouveaux pauvres*, the play does strike some sharp contemporary chord with an audience. The couple are a horrendous pair. They treat their 15-year-old boy appallingly. Bernard is dead against his wife having a job yet, like his neighbours, only too keen to live off the illgotten gains when she does go off to Wimpole Street and earn 25 guineas each afternoon; and the living-room seems to reverberate with dreadful anti-semitic remarks.

The sudden cash inflow is not used to ease poverty but sustain a life style, which means a new lawn-mower and a champagne party. It is at this gathering, in the third act of the play, that the female neighbours are all revealed to be whores and Mr. Cooper's writing achieves a technical brilliance in its use of small talk, counterpointed conversations and frightening climax. A lecherous bachelor who accidentally hits on the reason for the new prosperity is smothered and buried callously in the garden, just where the Brussels sprouts were meant to go.

The point is not that life is like this in the suburbs, but that it might just as well be like it. Mr. Cooper knows these people so well and hates them with a passion. The extraordinary thing is that the impact of the play is so exhilarating, the work of a skilled miniaturist operating flamboyantly within strict limits. Gwen Taylor and David Horovitch are superb as the Actons, the party scene brilliantly orchestrated by Mr. Meacham and the entire evening a most valuable and entertaining revival of a minor boulevard classic.

Largest-ever Edinburgh Festival

This year's Edinburgh Festival, the thirty-third but the first under the direction of John Drummond, will be the largest ever. Scheduled performances already total nearly 200, with artists coming from 23 countries, including China and Cuba.

As expected there is less emphasis on opera. Instead of an appearance from one of the major international opera companies the 16 opera performances will be provided by the Kent Opera and Scottish Opera. But there will be more ballet—Sadlers Wells Royal Ballet and the National Ballet of Cuba will both appear.

The Festival runs from August 19 to September 9 and among the artists performing are cellist Rostropovich, flute player James Galway, Dame Janet Baker, Peter Pears and Riccardo Muti. Orchestras include the Boston Symphony, and among the theatrical companies are the Rustaveli from Soviet Georgia and the Bristol Old Vic.

A theme of the Festival will be Diaghilev who died on August 19, 1929. Operas, ballets and plays associated with him will be featured.

Mr. Drummond said this week: "Some people still see the Festival as being sort of stuffy. I want to take the stuffiness out. I want to take the Festival out into the streets and shopping centres, to where the people are."

Elizabeth Hall

Fires of London

by MAX LOPPERT

The Fires revived on Wednesday their staged version of *Pierrot lunaire*. (Was it this that drew the large crowd of enthusiastic young people? Or have the players at last attracted the following they deserve?) "Staged" here meant that the players occupied the left side of the platform while Mary Thomas, in Pierrot garb and make-up enacted modest routines in a central spotlight to a darkened auditorium. (There were three shades of spotlight, white for the first group of seven songs, red for the second, blue for the third.)

It is a resolute, impressively well-routined account of Schoenberg's "Dreimal sieben Gedichte"—a work as inexhaustibly rich in its musical substance and poetic elusiveness as it is difficult to bring off with absolute conviction. The playing of the five instrumentalists as directed by Peter Maxwell Davies could hardly be bettered: of the finest filigree, quick to pick up and transmit the swiftest nuances of suggestive phrasing and subversive tone colour, unfailingly sensitive to questions of balance and texture.

And Miss Thomas must be praised for her very musicianly solution to the perennial problem of *sprechgesang*—the lines were cleanly pitched, drama being supplied by variation of tone colour. Indeed, so much did I admire the deftness of the musical execution as a whole that for the most part I savoured it with my eyes closed, the better to avoid the physical movements gamely but all too often predictably undertaken (and all too often fallibly sustained), the wholly *Patois de danse* lighting the lack of overall poise and control.

The first half of the programme had brought the first London performance of Maxwell Davies' *Runes from a Holy Island* — a divertimento, he might almost have called it, brief, uncomplicated in effect (though intricate in construction), deliciously light and picturesque. The first performance of John Hopkins' *The Cloud of Unknowing*, for a Maxwell Davies-type ensemble (and dedicated to the elder composer), was also full of good things—notable among them the angry tremolando outbursts in the "scherzo-line finale"—though the sum of them was not consistently gripping, and seemed to be marked rather too obviously (if hardly surprisingly) with the Maxwell Davies musical impress. In between these two works, Stephen Pruslin gave a superbly cogent, indeed comprehensive account of the Elliott Carter Piano Sonata (1945), its tingling rushes of jazz energy and grand simplicities captured and sustained from the very first bar.

Two book awards announced

The Arts Council and the Provincial Booksellers Fairs Association invite submissions for two awards of £250 each.

This year's awards will be for a book on travel or exploration and for a dust-jacket. Both the travel book (which must be the author's first book in this field) and the book for which the dust-jacket was designed must have been published in *Great Britain* or Ireland since April 1, 1978.

Entries will be judged by a panel selected by the Provincial Booksellers Fairs Association and the Arts Council. The winners will be announced at this year's Provincial Booksellers Fairs Association's June Book Fair (June 11-13) at the Imperial Hotel, Great Russell Street, London, where selected entries will be displayed.

Entries should be submitted to: Mrs. Edna Whiteson, Bookseller, 343, Bowes Road, London N11. The closing date for entries is March 31. Entries should not be sent to the Arts Council.

Jazz at Redgrave Theatre, Farnham

The Redgrave Theatre, Farnham, Surrey, is presenting four jazz concerts beginning next Sunday, February 5, when singer George Melly will be the attraction.

On Sunday April 8 the featured group will be the Graham Collier sextet. In June there will be two concerts, both on Mondays.

Cottesloe

The Putney Debates

by B. A. YOUNG.

This rehearsed reading of the proceedings of the Council of Cromwell's New Model Army in the autumn of 1647 has been given only two performances, of which Wednesday's was the last. This is a sad thing, for the debates (though I have a profound dislike of Cromwell and all he stood for) are not only interesting but stirring as well.

The matter has now been resolved; the King was executed a few months later. But it is interesting to see how decisions were reached, to hear Colonel Rainborough pleading for universal suffrage and the equal distribution of all property, Ireton defending the King and the Lords as if he were on the Conservative back benches, Cromwell's specious argument that as the King was a Minister of State he was subject to the will of the House of Commons.

What makes it stirring, however, is not the argument so much as the language in which it is proposed. The ideas are phrased with a majestic clarity and simplicity, and with a determined adherence to the rules of decent conduct which all the members of the Council believe to be shared by everyone. Time after time, reference is made to God, to conscience. "An honest man and an Englishman" is Cromwell's highest tribute.

With these right-minded standards, the Council succeeded in giving England a new constitution. With free, compulsory universal education, the "agitators" of our own time (it was not a word of dispraise to Cromwell) can only manage with their mean, vulgar phrases learned from textbooks of sociology to persecute invalids and schoolchildren. If there was an occasional man among them capable of saying, as Rainborough said, "The poorest he has as much right to live as the greatest he," I might find more confidence in them.

The debates have been edited and directed by Jack Emery. With respect, I suggest that the Cottesloe replaces some of the scheduled performances of *The World Turned Upside Down* with further performances of *this*. The company is more or less the same—in itself a guarantee of good speaking.

Covent Garden

Birthday Offering

Birthday Offering is subtitled a "piece d'occasion," and I am inclined to think that the occasion—the company's 25th anniversary in 1956—has been sufficiently celebrated. 1956 was the year in which the Bolshoy Ballet opened our eyes to a newer, richer way of classical dancing, and my quarrel with *Birthday Offering* is that today it enshrines everything that is most genteel and prissy about the English style of dancing.

The fault lies not so much in the choreography as in the *attitudes it perpetuates*, which are still seen in the manner in which seven girl soloists show off their oh-so-pretty dances. There *seems* neither *dynamic* urgency nor classic resonance in their performance. An ingratiating charm, bundled up in Levasseur's *hideously* unbecoming costumes, peeps coyly out. Neat little skirmishes with technique are brought off with a dry precision.

The piece is testimony to a way of dancing we should have left behind in 1956, and the Royal Ballet's *misfortune is that* it has not yet produced a pedagogue to enrich and ennoble its approach to the *danse d'école* as Vaganova so miraculously did in Leningrad.

Scènes de Ballet—also in the programme, and antedating *Birthday Offering* by nearly a decade—is entirely forward-looking, and it still challenges its cast on a level above the mechanics of its elder companion. It sheds light upon the classic dance, revealing those essential links between past attitudes and present needs and aspirations that are also the essence of what Vaganova achieved in Leningrad. It demands radiantly assured dancing of today to explain the radiantly assured dancing of the past, and with Lesley Collier's assumption of the leading role *Scènes* receives a most attractive brilliancy of style, with a quick rewarding musicality in every step.

Collier was also the sacrificial heroine of *Rite* which closed the evening. It was her first performance: as yet rather consciously a victim — Monica Mason, the rôle's creator, is set apart from the moment the three elders first approach her: Collier remains part of the tribe almost to the last—it promises a lot for the future.

CLEMENT CRISP

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Friday February 2 1979

Arms contracts and the Ayatollah

THE SUSPENSION of all outstanding defence contracts by the Iranian Government is a blow to the main arms supplying countries. But the announcement by Dr. Shahpour Bakhtiar, the Iranian Prime Minister, was hardly a surprise. Given the popular criticism of the Shah's massive arms buying spree over the last five years, and the need for Iran to economise, some such move had long been expected.

Profitable

Since 1972, when President Nixon promised to supply the Shah with any U.S. weapons he could buy, Iran has been the most profitable market in the third world for American and British defence suppliers. Grumman had hoped, for instance, to sell 300 F-16 aircraft, while Britain had pinned great hopes on supplying a total of over 2,000 Chieftain tanks.

Does the suspension and alteration of contracts mean, in effect, that most will be cancelled? There is little chance that contracts only in their initial stages will go ahead. But equipment already supplied will need to be maintained and supplied with spares. Without foreign technicians much of the highly sophisticated weapons in use in the Iranian armed forces will simply cease to function.

The extent of cancellations will largely depend on the course of political events within Iran. The army has grown accustomed to receiving modern weapons almost regardless of expense. So long as the fear of an army coup remains then whoever forms the government in Tehran may be inhibited from practising wholesale surgery on the military budget.

Bleak

But the political future of the Iranian army now looks bleaker than it did even two weeks ago. At the end of last year martial law and military government notably failed to quell the uprising against the Shah. Threats by some senior generals of a coup if the Shah left were never absolutely convincing.

Since the Shah departed the killings of demonstrators in the streets of Tehran means that much of the obloquy previously directed at the monarchy is now aimed at the armed forces. It is by no means clear whether the army is still united and most of the troops used in the capital are from elite units. Elsewhere there have been confused but, taken as a whole, convincing reports of soldiers supporting Khomeini.

Old score

Had the Ayatollah returned immediately after the Shah departed it is possible that a mood of euphoria might have prevented too many old scores being settled. Instead, the political vacuum, which Dr. Bakhtiar has tried and failed to fill, has led to a further dissolution of government authority. This process will prove extremely difficult to reverse.

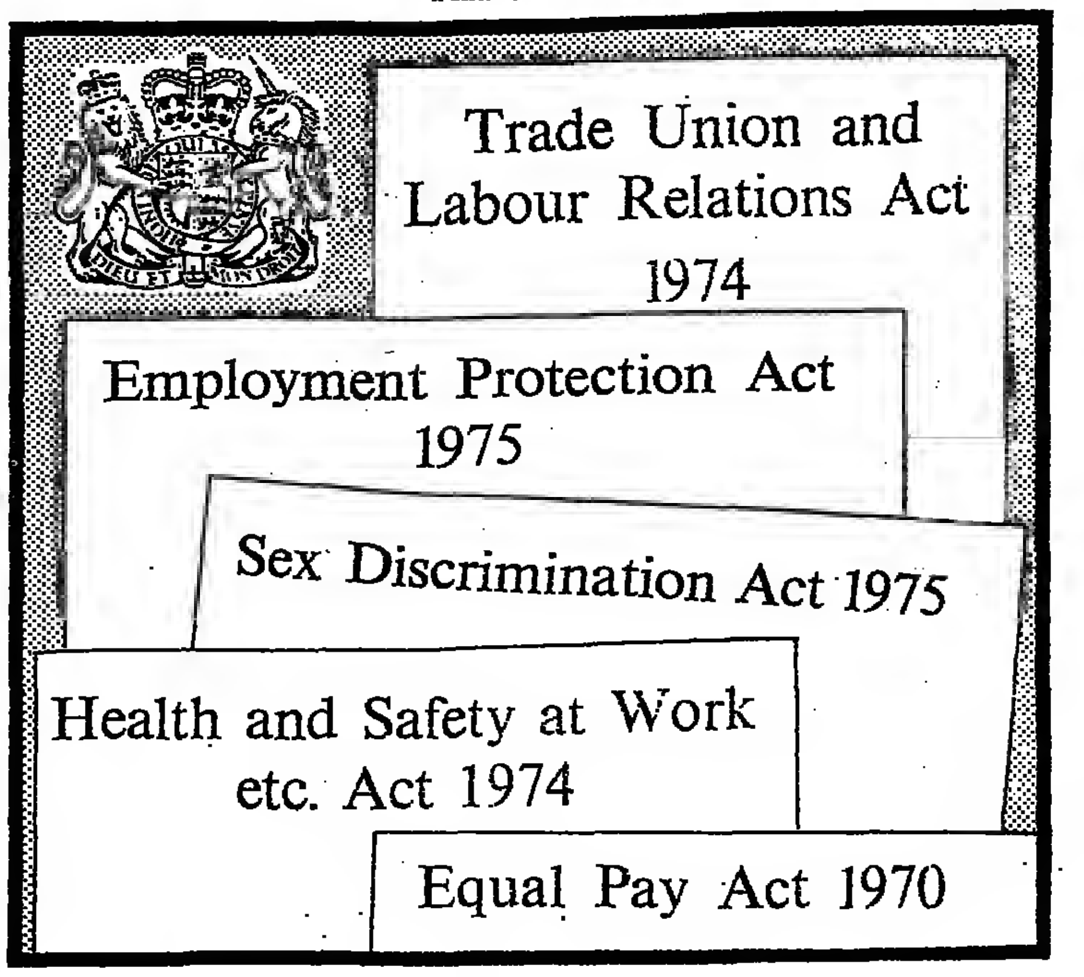
The problem for the foreign defence and oil companies, and any other businesses involved in Iran, is that no part of the Iranian government is in a position to take definite decisions. Cancellations will come, but in many other cases equivocation, confusion and delay are likely to beset all major civil and military projects.

Authority

The arrival of Khomeini in Tehran and his apparent postponement of plans for an Islamic Revolutionary Council do little to clear up the confusion. Will the undoubted authority he exercised from Paris wane as he tries to adopt a concrete programme in Iran? Will the much divided army follow him? A rapid answer to these questions is unlikely. The Shah, the generals and the present government have all proved unable to rule without Khomeini's support but this does not logically prove that Khomeini himself can exercise full and absolute authority.

Tug-of-war over labour legislation

BY ALAN PIKE, Labour Correspondent



THE PASSAGE of this Government's employment laws through Parliament was hailed by the trade union movement as one of the great historic landmarks in labour history. Four years later, as recent events in the High Court have illustrated, some flaws are beginning to show in this attempt to re-write employment legislation on an unprecedented scale.

There was a breathtaking output of legislation affecting life in the workplace during the early days of the present Government. One of the highest priorities of Labour Ministers when they came to power was to repeal the detested 1971 Industrial Relations Act and replace it with labour law which consumated the new spirit of co-operation between the trade union movement and Government. The social contract gave birth to the Advisory, Conciliation and Arbitration Service, the Equal Opportunities Commission, a new approach to health and safety in the workplace and a range of new employment rights for individuals.

Many industrialists believe there has been too much new labour law too quickly, and that it has had a restrictive effect on business activities. Others would, and often do, go further and suggest that some of the new provisions are blatantly one-sided and written by the trade union movement in its own interests.

The TUC's close involvement in shaping the Trade Union and Labour Relations Act and the Employment Protection Act has never been denied. But in some important areas judicial decisions have steered the legislation in directions which its sponsors did not intend, culminating in last week's success by United Biscuits in gaining a High Court injunction against a shop steward involved in secondary picketing at a supplier factory.

After its experience with the Conservatives' 1971 Industrial Relations Act the TUC had been particularly concerned to have sympathetic industrial action placed on a legal footing to its liking. Many union leaders had also hoped to have some picketing rights, like the ability to stop vehicles, more clearly defined but the Government has never been able to reach agreement with unions, employers, police and other interested parties on this.

In last week's case Mr. Justice Ackner decided that the activities of Mr. Reginald Fall, the shop steward in the United Biscuits case, were too far removed from the lorry drivers' strike to be protected by the Trade Union and Labour Relations Act (TULRA). This was not, in fact, the first occasion on which the courts have interpreted the immunity in TULRA for trade union action taken "in contemplation or furtherance of a trade dispute" in a way which has disturbed the TUC.

There were already Court of Appeal decisions against unions arising from attempts by the Association of Broadcasting and Allied Staffs to prevent FA Cup Final coverage being transmitted to South Africa; an instruction by the Society of Graphical and Allied Trades to members at the Daily Express not to produce extra copies during a dispute at the Daily Mirror and an attempt by the International Transport Workers Federation to black a Liberian ship.

These were followed in December by a court ruling that a National Union of Journalists' instruction to its members at the Daily Express to black copy from the Press Association news agency during the provincial journalists' strike was not protected by the Act. Opinion is now developing among Labour MPs that, following the NUJ and United Biscuits cases, further legislation on sympathetic action and picketing will be required.

Example of Grunwick

The other area in which the courts have intervened in a way which is not to the liking of most senior union leaders is the field of trade union recognition. There is little disagreement that the recognition procedures of the Employment Protection Act, under which a union can apply to the Advisory, Conciliation and Arbitration Service to conduct a recognition investigation and make recommendations, have been a disappointment and a failure. If Grunwick remains the most dramatic example of the fallibility of the recognition procedure it is not the only one. The number of workers who have actually won recognition through the procedures is modest and last year ACAS had to abandon completely an investigation at Michelin because the company would not co-operate.

At the same time a number of ACAS investigations have led to litigation and last month the Court of Appeal upheld a judgment against the Service which is at least as important in industrial relations terms as last week's decision on picketing.

In what Lord Denning, Master of the Rolls, described as "another story of David and Goliath" the Court decided that ACAS had misdirected itself in law when it decided against recommending recognition for the non-TUC affiliated United Kingdom Association of Professional Engineers at APE-Allen, a Bedford engineering works. The entry of non-Confederation of Shipbuilding and Engineering Unions organisations into the industry is opposed by both the TUC unions and the Engineering Employers' Federation; and ACAS—in line with a philosophy which it has adopted in other similar cases—declined to recommend recognition for UKAPE in spite of strong support among the staff the union wanted to organise.

Lord Denning, referring to ACAS's contention that it could not disregard "the implications for industrial relations" of making a recommendation which would be opposed by both the EEF and the Confederation said: "The implications are presumably strikes or blacking if UKAPE were granted recognition. That being one of the reasons, the question at once arises: Ought ACAS to be influenced by implications of this kind? My answer would be emphatically 'No'."

The ACAS Council has not yet decided whether it will take the UKAPE case to the House of Lords. By emphasising the question of individual choice Lord Denning has, however, identified priorities different to those of union leaders and employers who believe that fewer unions, rather than more, is the solution to many industrial problems.

Once again a change in the law is likely to be urged. The TUC had decided that the recognition provisions of the Act had failed before the UKAPE judgment and is engaged in discussions with the Government on how they might be changed.

Quite apart from putting a vast burden on ACAS and its Council the existing arrangements, and the legal actions which they have stimulated, risk damaging the reputation for impartiality which the service must retain if industry is to have confidence in its wider advisory and conciliation roles.

Doubts about some aspects of the new laws are not confined to court decisions. In 1975 the Equal Pay Act, inherited from a previous government, came fully into force after a five-year running in period. The relative improvement in women's earnings produced by the Act has not been maintained and, since many women are employed in areas where union organisation is weak, a return to free collective bargaining is likely to widen differentials.

It was always recognised that the Equal Pay Act alone would not solve the broader problems of women's equality in fields like promotion and training. To help tackle these issues the Sex Discrimination Act was introduced and, three years ago, the Equal Opportunities Commission was established.

Progress — some of the Commission's critics think that this is too strong a word — has been disappointing. A Commission survey of 575 leading employers in both the private and public sectors showed recently that only 2 per cent had taken really positive action to overcome discrimination. While the majority had taken formal steps to avoid actually breaking the law "the wider issues of equal opportunities have hardly been examined — indeed they may not even have been acknowledged as issues."

While sex discrimination may have been outlawed in recruitment advertising there is by any judgment a long way to go before it can be claimed that positive equal opportunity has arrived in the workplace. And if industry's approach to sex equality has been laggard the Equal Opportunities Commission itself is now increasingly attracting criticism. A growing band of sceptics in unions, women's organisations and elsewhere accuse it of being far too timid in the use of its legal powers to investigate and challenge abuses.

Having completed its study of major employers the Commission will this year undertake a similar examination of trade unions, an exercise which is likely to show that all the attitudes which need changing are not confined to one side of industry.

The problem with the equal opportunities legislation, as the Commission admits, is that in the current economic climate it has been given a low priority by industry. By contrast there is little doubt about the aspect of the new laws which has had the most forceful effect: the unfair dismissal regulations. Ask many employers—especially small ones which do not have the benefit of industrial relations personnel and legal departments—and they will say that the law has "made it impossible to sack anyone."

The facts are slightly less dramatic. To begin with all allegations of unfair dismissal are first sifted by ACAS conciliation officers and in the last full year for which figures are available 59 per cent were settled at this stage without going for hearing at an industrial tribunal. Of those which are referred to tribunals employers fail in something like two-thirds of cases. A TUC study shows that the number of awards favourable to employees declined from 39.6 per cent in 1975 to 30.8 per cent in 1977.

One of the practical problems arising from tribunal hearings is the increasing use by employers of lawyers in what many people saw originally as informal courts. Union officials, who are often sent along to represent members, find that long tribunal hearings make heavy demands on their time.

It is the unfair dismissal legislation above all else which had led to claims by employers that the law is stopping them taking on extra labour. The Department of Employment draws comfort from a Policy Studies Institute study of manufacturing industry which concluded that there was no general indication that "employment protection legislation was inhibiting management from taking on new labour where they otherwise would have done so."

Justifiable dismissals

Rates of dismissal have certainly fallen since the introduction of the Employment Protection Act, but this is not necessarily an indication that the legislation is inhibiting justifiable dismissals. The Policy Studies Institute examination discovered that managers were "fairly evenly divided" about whether the new laws were a good thing.

A similar study of small firms produced more mixed results but the employers, asked to name the biggest problems of the year, placed the job laws 14th on a list headed by lack of money, lack of orders and recruitment of suitable staff. Only 2 per cent regarded employment protection legislation as the most difficult Government measure with which they had to deal compared with 22 per cent for VAT.

Apart from unfair dismissal, most aspects of the new laws which relate to individual rights—like maternity leave and the right to itemised wage statements—have settled down in a comparatively uncontroversial way.

One area of the law which the CBI feels has gone too far is Schedule 11 of the Employment Protection Act, under which unions can ask the Central Arbitration Committee to bring groups of workers' pay into line with the general level in a district or industry.

With a General Election approaching, the TUC general council has sent to affiliated unions a preliminary assessment of the impact of TULRA and the Employment Protection Act. Warning unions to remember that the test of whether legislation is successful must not only take account of the results of a few individual court cases, the general council concludes that the law is proving good in some parts, neutral in others and wholly unsatisfactory only in "a small number of areas."

The TUC's priorities for amendment after a Labour election victory would be the recognition procedures, the arrangements for granting certificates of independence to unions and perhaps another look at the workings of industrial tribunals.

A Conservative Government's reaction would be influenced by the political climate in which it was elected. Mrs. Margaret Thatcher warned the unions this week that if anyone was "confronting our essential liberties and inflicting injury and hardship on the sick, the elderly and children," she would confront them. The immediate context of her remarks is obviously the recent effect of picketing in the lorry drivers, local authority and health service disputes. But there are many in the Conservative Party who would like to see the closed shop outlawed—ground on which moderates in the party tread with care—and equality of treatment between TUC and non-TUC unions.

The argument about trade union power will continue; but many aspects of the new employment legislation confer new liberties on individuals. In general, this type of right, once granted, is unlikely to be repealed, a point on which Labour and Conservative politicians, trade union leaders and judges will probably agree.

Targets in the State sector

THE GOVERNMENT'S treatment of the nationalised industries since it came into office five years ago has in many ways been commendable. It took the politically courageous step of ending its predecessor's price restraint policy and restored nationalised industry prices to an economic level. It invited the National Economic Development Office to carry out a major enquiry into the industries' role in the economy and the ways in which they could be controlled in the future.

Although parts of last year's White Paper containing the Government's response to the NEDO study were not to everyone's taste (as, indeed, were some of the NEDO team's own recommendations), the redefinition of the economic and financial framework within which the industries would be expected to operate at least offered a prospect of government/nationalised industry relations being put on a more regular and sensible footing with, in particular, a clear distinction being made between the respective responsibilities of Board and Minister.

Planning

An essential part of this framework, the White Paper noted, would be the restoration of financial targets. Targets may not be the only or even the most appropriate basis for judging performance, especially in the case of a state industry with quasi-monopoly powers. But they are a central feature of the guidelines the boards expect from Ministers and they are crucial for medium-term planning.

It is therefore disappointing that the targets the Energy Secretary has now set for two of the biggest industries—gas and electricity — should fall short of the promise the White Paper offered. The first point to note is that the targets are intended to apply only for one year, 1979-80, instead of the normal three to five years. As Sir Denis Rooke, the Gas Corporation's chairman, told a Commons select committee this week, a target for a single year is impossible.

It serves neither as a basis for planning, a discipline for management, or a yardstick for the public in industries where sales can fluctuate with the weather. It adds little more than a belt to the braces of the annual cash limit which since 1976 has been applied to the Boards' external financing requirement and which is now the Government's principal short-term financial control. It is not as if an interim target is justified by the delay in drawing up agreed inflation accounting standards: it would be a simple matter to reformulate targets based upon existing accounting practices once current cost accounting standards were adopted.

Responsibility

The other unsatisfactory feature arises from the effect upon prices. The Government is fully entitled to insist that gas and electricity tariffs should be maintained in real terms (even if this means setting higher targets than the industries themselves suggested). But, if this is its policy, it should clearly say so. It is true the Energy Department's announcement explained that the new targets would ensure that gas and electricity prices maintained their present real value in 1979-1980 but, as Sir Denis Rooke said this week, the two industries need clear guidance as to future years before they can decide the timing and size of a tariff increase. So presumably will the Price Commission if, as seems only too possible, these increases provide the occasion for a major investigation by the Commission.

What is particularly unfortunate is that, in the absence of a policy statement by the Energy Secretary, it will be suspected that not only is the Government trying to avoid the public responsibility for forcing up gas and electricity prices but, by setting single year targets for these two industries, it is trying to escape the discipline that, as NEDO pointed out, financial targets also to some extent impose upon Ministerial intervention.

MEN AND MATTERS

Sir Harold takes up the pen

It would be churlish not to welcome a new recruit to the world of scribblers. Yet Sir Harold Wilson has never been too keen on the Fourth Estate, which he has often accused of searching for unkind things to say about him. "Do you think he will be settling a few old scores?" I asked William Davis, editor-in-chief of the impending Financial Weekly, about his latest hired hand. Davis could not rule it out.

Sir Harold will be turning in a fortnightly column. The agreement was clinched yesterday at a long lunch in the Garrick Club. Among members who offered congratulations was Lord Longford, sensing an historic moment. When I asked Davis how much the new "penny-a-liner" would be getting, I was assured that this was not even discussed. "Money is quite secondary in this for Sir Harold," I was assured.

"I wish we had a religious leader whom people were willing to scrub the streets for!"

Wilson will be writing about topics of the day, political as well as financial. The magazine feels there will be no clash with his functions as chairman of the committee on financial institutions—although it will doubtless give him some helpful insights.

This debut in journalism comes late: the only previous time he was invited to write a column was in 1932 by the Guardian. He did not accept then.

Davis and his Trafalgar House boss, Victor Matthews, feel confident that the same fate will not overtake their new venture as has struck the fortnightly Investor's Review. Bought by Sir Charles Forte only six months ago, it ceases publication tomorrow. Sir Charles first acquired a stake in it exactly a year ago; its editor, Peter Shearlock, is moving—guess where? — to the Financial Weekly.

Hosts of daffodils

It is good to know that even if our arms sales to Iran may be in jeopardy, British bulbs are bursting through the subsoil in Holland. Enterprise of a high order is being shown by a firm which advertises its daffodil offers as "Holland bulbs." The Dutch have to look at the small print to discover the daffodils come from Holland, Lincolnshire.

But they need little persuading, it seems, that British bulbs can now compete with their own. Last year, we sent more than 2,700 tonnes of narcissus bulbs to the Netherlands: the earnings, just under £1m, were double the previous year.

"The Dutch are the kings when it comes to tulips," says Terry Byrne, agricultural attaché at the British Embassy in the Hague. "But we have concentrated on the narcissus family." It seems that our daffodils have firmer bulbs and produce more flowers than anything the Dutch can produce.

In a fortnight's time, the East Anglian growers will take the fight into enemy territory. At Hillegom, in the centre of Dutch bulb-growing country, we shall have an exhibition: "Narcissus from Birtain—new and wel-type varieties."

Asked for it

Faced by a steady decline in the service on British Rail that made the recent strikes pass almost unnoticed, commuters in Harlow, Essex, and surrounding areas have formed a commuters' association.

Among other aims, the association has pressed for "information not silence" when something goes wrong. Clearly British Rail is sitting up and taking notice—a telegraphed dispatch displayed at the station yesterday explained an interruption to services out of Kings Cross to Cleethorpes, Leeds, Hull and Newcastle.

Parting company

If you telephone BL's parts division, at Uniparts House, Oxford, it is advisable to do so early enough to finish your call before 5 pm. Otherwise you will be disconcertingly interrupted when the clock strikes five.

On dialling again, you hear a gentle, pre-recorded voice thanking you for doing so, but explaining that the office will reopen at 8.30 next morning. Chairman Edwardes can at least take comfort that his staff are not being bothered during overtime hours.

Grin and bear it

A lot of London brokers are having to eat their words about the gilt market. A classical example occurs in the latest bulletin from Fielding, Newson-Smith. Under the heading, "The strategic Bullish View in Temporary Cold Storage," they declare themselves as being "tactically bearish."

The explanation is pretty convoluted too: "In macro-economic terms we are experiencing an exogenous increase in wage costs superimposed upon an economy which has already experienced the peak of activity in the current business cycle set against a background of restrictive monetary targets." Who could say fairer than that?

Footloose farmers

If the drift from the land goes on at the present pace, farms in the developed countries will soon be kept going by a relative handful of old men. According to statistics worked out at the International Labour Organisation in Geneva, the farming population in Western Europe, North America and Japan will be only 10m in the year 2000. It was 38m in 1970 and 70m in 1950.

The number of farmworkers under 25 will be down to 400,000. In 1960 it was 16m. Eighty per cent of the people on the land will be more than 45 years old, and only 4 per cent under 25.

The reasons are not merely mechanisation, but a feeling that life is better among the bright lights, say the experts.

Too risky

Sir John Eden, Conservative MP for Bournemouth West, grew thoughtful in the midst of so much political uncertainty about his wife's plans to take a ski-ing holiday with his sons in Switzerland at the start of April. Supposing she was obliged to fly back in haste to perform her role as a candidate's wife?

Eden has tried to insure against the consequences of a general election being called at the start of April. Yesterday he was told that nobody could be found in Lloyd's who would make out a policy covering that time.

Observer

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POLITICS TODAY

The deceptive calm in Ireland

MR. ROY MASON, the Secretary of State for Northern Ireland, has achieved a remarkable success by the standards of most ministers. Belfast today is comparatively quiet. If one has to fall back on that awful phrase "an acceptable level of violence," Mr. Mason has brought it about. You are much more likely to be run down by a motor car than attacked by the IRA.

There has been success in another area, too. Northern Ireland is again attracting international investment, though admittedly with the help of enormous subsidies. Since the Secretary of State set himself two main aims—an improvement in security and the restoration of something approaching normal economic life—his mission may be said to have been almost accomplished.

The visitor, however, does not have to be around for very long to realise that something else has gone badly wrong. In the past six months or so there has been a distinct lowering of sights. No one talks any more of reducing the IRA to a hard, but manageable core. No one talks of light at the end of the tunnel or of the further reduction of British troops this year, next year, or perhaps even ever. If the level of violence is now acceptable, hardly anyone thinks that it will become any lower. It might well increase and it might well spread, not only to the British mainland but also to continental Europe.

What has happened is that the Provisional IRA has won the respect of its enemies, army and police alike. There has been a reorganisation. It is smaller, but tougher. There is even talk of potential recruits being refused admission on the grounds that they would be insufficiently reliable. It is well-financed and there is no shortage of weapons. Its methods have become more sophisticated. Such ambushes as still take place in Belfast are no longer hit and run affairs, but carefully planned campaigns with the army and police sometimes caught off guard. It is said that only chance has prevented a number of large scale killings in the past few weeks.

The IRA's international contacts have also been stepped up. Those Provisionals who have gone off to the Basque organisation, ETA, have not done so out of bravado or for the publicity value, as used to happen in the old contacts with the Palestine Liberation Organisation. They have gone in order to learn how to attack policemen and other high value targets even more effectively.

Not least, there is believed to have been an increase of the number of "sleepers." Sleepers are people who lie low for long periods of time and who can be called on to act when necessary. They are said to have been spreading not only in England but also on the continent, with Holland and Belgium receiving the most attention.

Lest all that should sound unduly dramatic, it should be added that it comes not from the Provos themselves, but from senior army and police officers in Ulster. If anything, it is an understatement. These sources appear to have no great resentment of their present role; they have merely reached a new assessment of the situation. It is that the IRA can be at best contained, and that even that can only be done if the security forces prepare for a long, long haul and that, even then, the relatively low level of violence of the past year or so will probably turn out to have been exceptional.

There is, it is true, some feeling among the police that too much of their time has to be spent investigating themselves in order to ensure that there are no interrogations of detainees of the kind that attract unfavourable publicity. There is a certain amount of nervousness, too, about the IRA campaign to draw worldwide attention to the prisoners in the H Block at Long Kesh who are demanding political status. In the background there is continued resignation about the difficulties of getting convictions in the courts. (There was a particular case last summer where the police, the army and the Northern Ireland Office apparently believed that if certain charges were upheld, the IRA would receive a severe, if still temporary, setback. The man was acquitted by the Lord Chief Justice).

By and large, however, neither the police nor the army are seeking more men, more equipment or even permission to cut corners. The old talk of transferring more tasks from the army to the Royal Ulster Constabulary—otherwise known as "Ulsterisation"—has died, and in general the situation is accepted as it is. The security forces think they can just about contain it, provided that the will to let them do so does not expire.

Yet, however much Britain may try to forget, such a state of affairs cannot go on without political consequences. These consequences are already occurring, both in Ulster and in the Republic of Ireland. Mr. Mason will say that in the North there is still no groundswell against direct rule, from Westminster, and that is one of the reasons why the Ulster parties are refusing to accept his proposals for some form of devolved government. That view is undoubtedly correct, but it stops short of a full analysis.

One of the consequences of the present impasse is the decline of the SDLP, the party which—very broadly—represents the northern Catholics.

Mr. Lynch, the Irish Prime Minister, believes that the situation in the North is getting worse.

It has ceased to have any very obvious reason for existence and its visible presence has much diminished. Mr. Mason is exceedingly irritated by this development. He believes that he is trying to help the Catholics, but that the Catholic party will not accept anything that is offered, however reasonable.

The consequence which follows from that is that the British Government—and Mr. Mason in particular—appear to be turning more and more towards doing business with the Unionists, who are after all the majority. One has to distinguish here between what is actually happening and what some people perceive to be happening. But, nevertheless, there is a fairly widespread impression that the Unionists are now being favoured. How else does one explain, for instance, the bill now before Parliament and about to become law increasing the number of Ulster seats at Westminster?

On grounds of the size of the electorate per constituency, the case for such an increase is unassailable. Yet it is very peculiar that there is not going to be proportional representation. PR is already entrenched in Northern Ireland. It will be used for the elections to the European Parliament in Ulster this year. Hardly anyone even needs to argue that Ulster is a special case because everybody knows that it is: there is no reason to assume that the establishment of PR there means that it will necessarily spread to the British mainland.

Yet PR is not being given. The result is that in the next Parliament but one, almost however the boundaries are drawn, there will be a disproportionate increase of the number of Unionist MPs. Quite apart from the effects that that could have on a Parliament that is hung, one only has to think for a second to realise the reactions of Irish Catholics. It is one more sign that the British Government is pro-Unionist.

In the North the feeling of resentment is perhaps somewhat sullen. In the Republic it is much more articulate. The Irish Government is as concerned as anyone else, and probably much more so, about the rise of the new professional and efficient IRA. But when it also perceives a British swing back to the Unionists, it foresees a veritable horror story ahead. Not only will the SDLP further decline. More northern Catholics may turn to the IRA as a last resort. The South will not be immune from IRA attacks and, what is worse, a British Government may decide at some time that enough is enough and withdraw the troops, leaving chaos behind.

It is for this reason that a new attempt is about to be made to bring the Irish question back into the forefront of British politics. Mr. Jack Lynch, Prime Minister of the Republic, is merely biding his time until the British general election. Some advance notice will probably be given when Mr. Michael O'Kennedy, the Foreign Minister, sees Mr. Mason in the next week or so. But the running appears to be being made by Mr. Lynch and the message is clear. It is that the situation in the North is getting worse and that something must be done soon if it is not to engulf us all.

It is sometimes said by the British that the Irish are very good at calling on Britain to act, but then dry up when asked for specific suggestions. Mr. Lynch may be more forthcoming. The idea of an All-Ireland Council is back in the air. So, too, is the thought of All-Ireland courts. There are also more mundane, though none the worse for that, proposals for increased North-South economic co-operation. Drainage and tourism are the most frequently cited examples.

There is again the possibility of a co-ordinated investment policy. At present the North and the South are simply bidding each other up in their efforts to attract international corporations. The DeLorean car plant, for instance, finally went to the North on terms so generous that they were not even asked for in the earlier negotiations with the Republic.

Those are just the bare outlines. What Mr. Lynch wants most, however, is a public British commitment to Irish unity as an ultimate aim. Meanwhile the troops not only can, but should, stay. The end solution may not be in sight, and it may not even be possible to envisage what it should be. But there should at least be an acknowledgement of the need for frequent and continuing consultation between London and Dublin. There should be a declaration of intent to end the stalemate. Mr. Lynch, for example, should not have to ask for the privilege of special information from the North in order to answer a question in the Dail, as he did in the case of an H Block prisoner this week. British policy should be automatically explained in advance.

European card

In the long term the Irish Government's best card is probably Europe, as it is increasingly becoming aware. You can see this on a purely material level. To arrive in Dublin nowadays from Belfast is to enter a different world. It is rather like arriving in (say) Duesseldorf 20 years ago from London. One is immediately struck by the growing affluence. The comparison stands not only with the North but also with large parts of Britain. Above all, it stands with the Dublin of a few years before.

Affluence has brought political confidence. There is no longer that sense of inferiority in dealing with the British. It is not only that later this year Mr. Lynch will play host to President Valery Giscard d'Estaing and Herr Helmut Schmidt, the German Chancellor, and the other Community Heads of Government at the European Council. There is also the proposed European Monetary System and Dublin's readiness to break with sterling. Ireland must be the only country in Europe where the EMS debate was followed by the man in the street. Irish participation was seen as a sign of maturity, the more especially as Ireland elected to join and Britain did not.

The hope is that sooner or later all this will be appreciated in the North and that even the Unionists will realise that it is the South which has the prosperity. There are some signs that in agriculture this is already happening. It is noted with interest, for instance, that the Rev. Ian Paisley has been in Brussels protesting about the workings of the Common Agricultural Policy.

For the most part, however, overtaking the North's standard of living and reaping the expected political benefits are still for the future. At the moment what matters is the situation on the ground in Ulster, and that is not good. According to the Irish Government, it could still imperil all that the Republic has achieved so far. That is why Mr. Lynch is impatient for a British general election. The Irish do not appear to mind very much who wins, but they want a Government in London that they can attempt to talk to. Whether it is Labour or Tory, Mr. Lynch will be an early caller.

Malcolm Rutherford

Letters to the Editor

The way forward

From the Deputy Director, National Institute of Economic and Social Research.

Sir,—I think the following conclusions can be drawn from our present discontents.

Current UK inflation is clearly a wage-driven inflation. Money supply targets and cash limits in the public sector don't help much. The idea that, because a low money supply target has been stated, trade unions would not make excessive claims and employers would not make excessive awards, is clearly wrong. Cash limits are not effective in forcing public sector unions to accept figures much below the going rate.

In the very long run, money supply targets might force the Government, so to deflate the economy that trade union power was broken—perhaps at 15 per cent unemployment? Even this is doubtful. Note that in recent strikes it is the workers in high unemployment areas (Merseyside, Northern Ireland) who have been the most reluctant to settle.

Banning secondary picketing would not help much either. There are plenty of trade unions which can exert massive power without using this weapon. Any analysis of inflation which does not include the concept of a "going rate"—established early in the wage round, and depending partly on the chance results of early negotiations—is defective. Present wage pressures do not spring from narrowed differentials during the incomes policy period. Groups which have set the new going rate are not for the most part groups whose differentials have narrowed since 1975.

The idea that the long-term solution is small unions competing against each other is whimsical. Such a system, even if obtainable, would make our wage-driven inflation worse. The groups which have set the new high figures for this wage round are de facto small unions—autonomous subsidiaries of the Transport and General Workers Union.

The way forward is the one set out in "The Better Way," the discussion document produced by the moderate group of 12 members of the TUC general council. The fact that 12 trade union leaders could subscribe to this document is about the only encouraging thing around at the moment.

Frank Blackaby.
2 Dean Trench Street,
Smith Square
SW1.

The roots of disorder

From Sir David Llewellyn.

Sir,—Two alibis for our present discontents are being offered by the Government.

It is said that the wages explosion is due to the fact that the House of Commons removed the Government's power to impose sanctions on employers who exceeded its wages "target." Are we seriously being asked to believe that if this sanction had remained, the TGWU would have accepted the Government's 5 per cent or anything like it?

And if the loss of this sanction—of which many trade union leaders and Labour MPs strongly disapproved—really is responsible, why is it that the Government has now refused to apply its own sanction of disallowing increases in road haulage charges?

It is said that the unions' rejection of the Government's "5 per cent" is due to the Conservatives' call for a return to free collective bargaining. Since the call was for a return to free and responsible bargaining—and not to a free for all—the excuse is threadbare.

But what if it were true? Do Labour leaders really believe that such is Tory influence with union leaders and their rank and file that they now take their lead from Mrs. Thatcher and not Mr. Callaghan? If so, there can seldom have been such an abject confession of impotence.

The truth is that these alibis are specious. The real root of disorder lies elsewhere. For decades Michael Foot and his ilk have sown the wind of class war, a "them and us" attitude in industry, and a contempt for all authority except their own. Now Britain is reaping the whirlwind.

There is only one way out of the problems of too little money being earned, to meet many demands which in themselves are just. That way is through the creation of new wealth. Without it, the scandals of poverty and gross disadvantage which stand between us and Disraeli's vision of One Nation will never be removed.

Sir David Llewellyn.
The Old Rectory,
Yattendon, Nr. Newbury,
Berkshire.

Who do you miss the most?

From Mrs. N. Ings

Sir,—Regarding your leading article of January 30, is it not a condemnation of the attitude of society that your advocacy of "a decent level of wages, indexed for the future to some appropriate measure of private wages" has had to wait until the essential workers referred to became so bitter and frustrated that they resorted to strike action of an unprecedented severity?

The fact that most of your correspondents are getting so hot under the collar is a clear indication of the importance of these workers—so why has their pay not been commensurate? If all the bankers, financiers, stockbrokers, etc., dropped dead tomorrow we wouldn't experience anything like the inconvenience and misery caused when vital public service workers down tools. It makes you think—or does it?

(Mrs.) N. Ings.
324, Buxton Road, Furness Vale,
Via Stockport, Cheshire.

Trade in textiles

From the Chief Executive, International Linen Promotion

Sir,—Commendable as the clothing industry Economic Development Committee report is (January 30), I do not feel that sufficient emphasis has been put on one of the industry's most valuable assets—the manufacture of high-quality merchandise. This should be one of the EDC's top priorities for action.

The UK clothing industry can no longer effectively compete with developing countries, as highlighted by Mr. Mandelbaum's letter of February 1. These third-world countries will always be able to make clothing more cheaply because of low wage levels, cheaper raw materials, and highly subsidised investments. We must face-up to facts—we cannot compete on cost because we have a more highly developed, high-wage economy.

We can however compete on quality. We have some of the finest designers in the world today, as well as sophisticated fabric designs and engineering.

In certain areas we have unrivalled expertise, either because of raw materials—think of Irish linen and Harris tweed—or because we have acquired the necessary specialised skills, as in the manufacture of cashmere garments.

We cannot rely entirely on protectionism, we must use our skills, our resources to manufacture high-quality garments. Surely, this is one of the best ways to strengthen our competitive position?

Robert Franck,
31 Great Queen Street, WC2

Spending on gas

From Mr. C. Carter

Sir,—The article (January 29) by Pauline Clark of your labour staff about the situation of a local authority manual worker seemed to show him to have considerable difficulty in making ends meet—until I read that during the winter he spends £11.50 a week on gas. How on earth does he manage to do that in a council flat?

I have a medium-sized (three-bedroom) modern detached house and I use gas for cooking, water heating and space heating—including the heating of a small greenhouse, and my average bill for the winter quarter's gas over the last three years (during which there has been no change in the price of gas) has been £60, or about £4.60 a week.

C. J. Carter
7, Turner's Wood Drive,
London Road,
Chalfont St. Giles, Bucks.

Lloyd's old building

From Mr. T. Langton

Sir,—Mr. Marcus Binney (January 29) considers only one aspect of the problem facing Lloyd's in its urgent quest for space to maintain its position as one of the leading producers of much needed foreign currency for this country. If the aesthetic consideration could be said to be more important to the trade of this country than that of the expansion of the market, no doubt Mr. Binney's view would be acceptable.

With hindsight one can say that the mistake of the committees responsible for both the 1928 and the 1958 buildings was in not allowing for the expansion which has since taken place. Those of us who worked in the underwriting room in the 1928 building when its capacity was becoming quite inadequate can bear witness to the inefficiency caused by overcrowding and discomfort. And those of us who have had some responsibility in recent years to try to squeeze the still growing market into inadequate space, a flexible space can bear witness to the impossibility of so doing.

The final sentence of Mr. Binney's letter implies that the committee has given no consideration to the refurbishment of the old building. The contrary is true. Exhaustive examination was given to such a possibility. Only when it was proved conclusively that the old building did not lend itself to refurbishment which would provide the working conditions required today, and the expansion likely to be required in the future, was the decision reluctantly taken to recommend the destruction of what some consider to be a "major work."

It is not difficult to imagine the satisfaction with which Lloyd's competitors in the U.S. and throughout the world would greet an announcement that "Lloyd's rejects opportunity of expansion of its international business."

Mr. Binney might acknowledge the efforts made by the committee, albeit unsuccessful, to preserve the aesthetic attributes of the 1928 building. And he might at the same time, if he can, produce some constructive and helpful suggestions to solve the problem of combining such preservation with forward looking concepts of the present and future needs of the market.

T. B. Langton,
Leslie Langton and Sons,
Lloyd's,
Lime Street, EC3.

Accountants in industry

From the Managing Director Lomin International Ltd.,

Sir,—If lawyers make better top industrial managers than engineers (Mr. Baillie, January 23), let us have more of them. If, however, the British experience of accountant-dominated industry is a guide, I fear that men who have no first-hand experience of design, manufacturing or marketing will make very poor competitors for the foreign manufacturer who has powerful practical men close to or actually on the throne. Where the engineers are strong in a given company the results are evident.

The risk-taking necessary to develop a company can hardly be left in the hands of men whose role is to minimise risks. Accountants and lawyers should provide no more than an advisory service to management. Their training and experience is insufficient for them to lead in the complex and technical world of industry.

M. Littlewood,
Whitchurch, Ross-on-Wye,
Herefordshire.

Fine counties—all lost

From Mr. R. Pearce

Sir,—Well may you heed your leader (January 26) on local government reorganisation "A change for the worse."

I would like to draw attention not to the economic aspects of the change, although they were bad enough, but the effect it is having on England and Wales as a whole.

Fine counties, such as Pembrokeshire, Rutland and Westmorland, have been lost. Yorkshire has been carved up from the three Ridings which we all knew and loved into new counties which have yet to be loved by anyone. Your recent supplement on Merseyside highlighted the amalgamation of Southport and Bootle, a most unlikely pairing, and new areas have been created which no-one seems to know.

At a recent meeting of fairly senior managers, I asked my colleagues the whereabouts of Kirklees, Woodspring, Thamesdown, Tameside, Waverney and Sandwell and apart from the last named one, which was in our area, nobody knew where the new places were.

I don't know whether the issue was ever put to the country as to whether we wanted these changes or not and, presumably, the same will happen with metrication and new road signs. Does nobody now in authority want to find out the wishes of the people and have what we want and could we not go back to Stephen King-Hall's definition of Democracy, recently quoted from a wartime Children's Hour by the BBC "that the Government is elected by the people to carry out the wishes of the people."

R. J. Pearce.
5, Marlborough Road,
Castle Bromwich,
Birmingham.

Bulgaria and Russia

From the Press Attache, the Bulgarian Embassy

Sir,—The distorted view of the relations between Bulgaria and the Soviet Union, as presented in the article "Brezhnev's Bulgarian apprentice worries the neighbours" (January 19) does not do credit to a reputable paper such as the Financial Times.

I will not comment on the article's headline except to say that it was borrowed from the terminology of the "cold war" period and that such terminology is inexplicable today. The nature of the close relations existing between Bulgaria and the Soviet Union has never given any ground for such a portrayal.

One cannot comprehend your correspondent's zeal in trying to prove that Mr. Brezhnev's discussions in Sofia were directed against a third party. If one had been an unbiased reader of the official communiques of the meetings between the two leaders and of their speeches one would have understood that the objectives of Mr. Brezhnev's visit were to strengthen the friendship and co-operation between Bulgaria and the Soviet Union.

Is it unnatural that the leaders of two friendly nations should meet and discuss issues of mutual interest? Does this have to be represented as something extraordinarily suspicious?

The close relations between Bulgaria and the Soviet Union have proven to be beneficial to both countries and, contrary to Mr. Lendvai's claims, they have always been directed towards strengthening peace and security in the world.

If one follows the foreign policy of Bulgaria during the past 30 years one can hardly fail to notice the contribution it has given to the development of the friendly relations between the Balkan countries. This fact has been widely acknowledged by Bulgaria's neighbours as well as by many other countries.

To follow Mr. Lendvai's attitude would be to sow suspicion and distrust between nations and that contradicts the established trends in relations between the countries of Europe. I do not think that this is the objective of a reputable newspaper.

Ph. Bokov,
Embassy of the People's Republic of Bulgaria,
186-188 Queen's Gate, SW7

Today's Events

GENERAL

UK—Prime Minister starts two-day visit to Teesside and Tyneside, beginning with the Thornaby plant of the Armstrong Cork Company.

Sir Kenneth Cork, Lord Mayor of London, receives executive committee of the Institute of Credit Management and a party from the New York branch of the American ICM.

Overseas—Mr. Deng Xiaoping, Chinese Vice Premier, arrives in Houston, Texas.

Mr. Chamanand Kriengsak, Prime Minister of Thailand, starts three days of talks in London, en route to Washington.

South African parliamentary session opens—traditional opposition vote of no confidence.

Mr. Harold Williams, U.S. Securities and Exchange Commission chairman, addresses New York security analysts.

Third Indian Trade Fair opens in New Delhi (until February 16).

OFFICIAL STATISTICS

Treasury publishes UK official reserves. Capital issues and redemptions during January published by Bank of England.

PARLIAMENTARY BUSINESS

House of Commons—Private Members' Bills.

COMPANY RESULTS

Final dividends: Hirst and Mallinson. Interim dividends: Guinness Peat Group. Hardy and Co. (Furnishers). Reabrook Investment Trust. Second Alliance Trust. Stoddard Holdings.

COMPANY MEETINGS

Castlefield (Klang) Rubber Estate, 1-4 Great Tower Street, EC, 12.30. Central Manufacturing and Trading, Midland Hotel, Birmingham, 12. Crystalate, British Plastics Federation, 5 Belgrave Square, SW, 11.30. Flexello Castors and Wheels, Excelsior Hotel, Bath Road, West Drayton, Middx., 12.

THF surges 46% to £55m and going well this year

WITH A jump from £27.6m to £43.3m in the second half, pre-tax profits of Trust Houses Forte surged 46 per cent to a record £55.5m for the year ended October 31, 1978, compared with £38m previously. Turnover rose 16 per cent to £613.8m.

Sir Charles Forte, executive chairman, says results for the first three months of the current year are well up on last year.

The group is well on budget and quite considerably above last year's profits and turnover, he adds.

	1977-78	1976-77
	£m	£m
Turnover	613.8	531.0
Trading profit	70.1	54.3
Hotels—U.K.	38.0	30.1
—U.S.	10.5	7.3
—Europe and elsewhere	5.2	4.6
Catering—UK	11.1	8.3
—U.S.	1.3	—
Leisure	3.8	2.1
Miscellaneous	3.7	3.1
Central costs	3.4	2.5
Financial charges	14.5	15.3
Profit before tax	55.5	38.0
Tax	22.3	12.8
Net profit	33.2	25.2
Minority interest	1.5	0.7
Extraord. debit	0.8	14.2
Making	30.9	38.7
Brought forward	43.8	15.1
Deferred tax charge	—	13.2
Exchange debits	1.2	4.9
Available	73.5	62.1
Ord. and trust divs.	10.7	9.3
Retained	62.8	43.8

* Credit.

On current budgets, the group is once again expecting its U.S. operations to show the biggest growth this year.

Overall it is aiming to spend between £23m and £26m this year on refurbishing and extending its existing hotels.

Forward sales bookings on the hotel interests already look good, states Sir Charles, and the group is still looking hard at further possible expansion of its operations in Europe.

Although there are no definite plans at present, he says the group is planning to extend further European operations for both hotels and catering, with France and Germany high on the expansion list.

In the UK, the group is still thinking in terms of a major expansion of its post houses chain, which currently totals some 30 hotels. Subject to getting planning permission, Sir Charles is seeking to build this operation up to 100 outlets.

Although U.S. operations represented the biggest percentage increase in profit terms last year, the addition of the Lyons hotels gave an extra boost to group figures.

"These have made a very good contribution to the company's results, and it has proved a very good acquisition," he adds.

In total these interests added some £10m to profits, compared with £8m for the previous year.

At the forthcoming AGM, the group will submit a resolution to change its name to Trusthouse Forte, but will be retaining the THF symbol.

While the group is still very much on the lookout for expansion it seems there are no shortage of possible bidders for top hotels within its own empire.

Sir Charles says that two months ago he received an offer of £30m for the group's Grosvenor House Hotel in London's Park Lane from a Lebanese group.

The bid received a cold reception from Sir Charles, who states "we are on the lookout to buy hotels not to sell them."

Stated 1977-78 earnings increased 7p to 31.4p per 25p share, while a net final dividend of 7.78p lifts the total payment from 8.2094p to 10.63p, covered three times (same). A scrip issue of one ordinary or trust share for every share held is also proposed.

The group has pursued its policy of revaluing properties on a cyclical basis over a period of not more than seven years, as a result of which capital reserves were up £83m at the year-end.

Shareholders' funds totalled £294m (£193m), compared with a loan capital figure of £203m (£213m). Loan capital ratio to shareholders' investment was 0.7:1 (1.1:1).

Net liquid funds at balance date increased from £44m to £56m and assets employed stood at £506m (£410m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A.C.E. Machinery	3.78	April 6	3.38	3.78	3.43¶
Garford-Lilley ......int.	0.18	March 21	0.18	—	0.3
IoM Steam Packet	17‡	March 7	14	17	14
Kinta Kellas Rubber int.	1	April 3	1	—	3.5
Longton ......int.	1.25	March 30	1.1	—	3.85
Lonsdale Universal	3.5		3.24	5.17	4.63
Louis Newmark ....int.	3	March 16	2.5	—	8.72
Malaysia Rubber ....int.	0.75§	April 3	0.5	—	2.25
Trust Houses Forte	7.78	April 7	5.96	10.63	8.21
Steinberg Group ....int.	0.32	April 6	0.32	—	0.96
Wholesale Fittings int.	2.23	April 6	2.03	—	5.89

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 2p bonus. § To reduce disparity. ¶ Includes supplementary 0.051 for 1976-77.

Wholesale Fittings advances £0.2m.

WITH ALL divisions continuing to operate profitably, taxable profits of Wholesale Fittings Company rose £200,000 to £847,000 for the six months to October 27, 1978, on turnover up £1.4m to £9.12m.

Mr. D. S. Rose, the chairman, reports that turnover for the first two months of the second half shows an increase compared with the previous year's corresponding period.

However, he says it would be unwise to forecast the level of profit for the full year.

In the 1977-78 year, pre-tax profits were a record £1.76m.

Tax for the six months takes £440,000 (£336,000) giving net profits ahead from £311,000 to £407,000.

From stated half-yearly earnings of 11.6p (8.9p) per 20p share, the interim dividend is raised from 2.027p to 2.23p net, costing £77,934 (£70,840)—last year's final was 3.859p.

The company, which operates as a wholesale electrical distributor, has just opened a new depot in Harlow, Essex, making a total of 16 outlets.

● **comment**

A 7p fall to 243p in Wholesale Fittings yesterday owes far more to the inevitable reaction to a strong market performance over the past week than to any intrinsic disappointment with a 30 per cent interim pre-tax profit improvement. The sales rise of 13 per cent indicates sound margin stability and a volume increase which must be at or near the double figure mark. Short term forecasting must naturally be clouded by the current spate of industrial disruption but the predominantly south eastern base offers medium term scope for geographical expansion while the industrial sales emphasis of its electrical component accounting for perhaps 95 per cent of turnover—offers valuable protection from the vagaries of the consumer cycle. Even allowing for some second half slowdown, the group should be capable of around £2.2m pre-tax this year for a prospective p/e of 8. Given that Best and May looks to be coming out on a prospective p/e of 11, the Wholesale Fittings price looks firmly secured even if allowance of, say, two points is given as a bid premium. A historic yield of only 3.6 per cent may weaken the case but recent growth comparisons certainly favour Wholesale Fittings.

Marley set to maintain heavy capital spending

CAPITAL SPENDING by Marley over the next three years is forecast to exceed the £17m annual rate seen in 1977-78. New investment opportunities, particularly in Europe and North and South America, are being actively sought and in the not too distant future the company is likely to be employing more capital abroad than in the UK.

Reporting this, Mr. O. A. Aisher, the chairman, says that the group's policy of maintaining high investment levels during periods of recession must take much of the credit for its solid asset base from which profit growth can be accelerated.

In the UK the directors remain confident about the domestic markets for the company's products and they will continue to expand factory capacities while adding considerably more space to existing outlets, he says.

Also there are now signs that economies in some parts of the world are beginning to recover and the directors are encouraged by the growth potential of those overseas countries where Marley is already established Mr. Aisher explains.

"We have large investments in Ireland, France, South Africa, Canada and Brazil and to a lesser degree in Germany, Austria and Switzerland. Early reports from most of these countries indicate that we may expect further profit improvement in the current year," he adds.

Of the £2.87m trading profit advance to £20.78m last year £0.93m was generated outside the U.K. Total sales of £250.93m (£218.67m) and trading surplus was split, with £000s omitted, as to UK £162,583 (£133,538) and £14,516 (£12,552): Western Europe £50,420 (£42,490) and £4,181 (£3,139); Africa £14,851 (£15,814) and £1,250 (£1,460); Canada £19,639 (£22,591) and £806 (£851); and Australia and New Zealand £3,438 (£4,234) and £13 (loss £154).

Taxable profit for the year to October 31, 1978, climbed to £18.62m (£15.36m)—as reported December 15. On a current cost basis, according to the Hyde Guidelines, the surplus is cut to £15.1m (£11.21m) by £2.34m (£3.33m) additional cost of materials and £1.18m (£0.82m) extra depreciation which are shown after a gearing reduction of £20 per cent (21 per cent).

The net dividend is raised to 2.78088p against 2.49043p.

The improvement in the UK was achieved despite lack of any recovery in construction activity.

The most promising growth area for the group continues to be the market concerned with home renovation and improvements where much demand remains to be satisfied. Stores and depots and building centres are steadily yielding better profits and more and larger units are being opened, Mr. Aisher points out.

The group's move away from dependence on new housing starts is indicated by a breakdown of UK sales over the 10 years from 1968. This shows the percentage related to new housing down from 58 per cent to 29 per cent while home improvements accounted for 41 per cent in 1978, compared with 27 per cent 10 years earlier.

The chairman says that housing starts have decreased again but profits from the company's concrete roof tile operation have risen. With pitched roofs again being preferred to flat roofs on schools, offices, churches, hospitals and hotels, the directors are optimistic about future demand for these tiles.

At year end borrowings amounted to £31.9m (£31m) and the debt/equity ratio was 22 per cent. Currently the group has £10m in unused terms loans avilable to it from its bankers.

Meeting, Sevenoaks, Kent, on March 7, at noon.

Newmark ahead but disputes having their effect

PRE-TAX PROFITS of Louis Newmark, electronic and precision engineer and watch distributor, rose from £916,000 to £983,000 in the half year to September 30, 1978. Turnover increased from £10.98m to £12.55m.

The directors say that, in the current half, the company has suffered as a result of industrial disputes both internal and at some of the major industrial customers which caused temporary disruption at several of the company's factories.

This, coupled with the effects of the dislocation of transport and of wage settlements, will cause a drop in profit for the year, they add. Last year the group made £2.1m.

Despite these national problems, the Board is confident that the company's steady progress will be resumed.

After tax of £511,000 (£476,000), earnings per 25p share are stated higher at 15.42p (14.33p). The net interim dividend is stepped up from 2.5p to 3p—last year's total payment was 6.7214p.

Retained profit for the six month period is £368,000 against £351,000.

● **comment**

Louis Newmark's first-half pre-tax figure has edged ahead of last year but with the second half destined to bear the full brunt of industrial disputes stretching from the Ford strike in October to the lorry drivers' stoppage it is unlikely to reach the £2.1m recorded for the whole of 1977-78. The extent of the shortfall is difficult to determine, but it is likely to be significant. The mechanical engineering activities, whose products are linked to the machine tool, textile, automotive and combustion engine industries had a good first half but margins appear to have suffered slightly. On the jewellery side, the company distributes on a sale or return basis and though it is still waiting for an indication of the level of returns, preliminary evidence suggests retailers enjoyed a buoyant Christmas/winter sales period. The share price dropped 10p to 215p yesterday, giving a yield of 5.2 per cent assuming a 10 per cent annual increase.

Hambro Trust unchanged at midway

In the half year to December 31, 1978, the amount available for the ordinary shares of Hambros Trust at £120,000 is the same as for the corresponding period last year.

The interim dividend is again 0.85p—last year's total was 2.02p. The company's principal asset comprises shares in Hambros.

Receipts for the half year were almost identical with those of corresponding period last year as the increase in dividends from Hambros compensated for a decrease in other income which was exceptionally high in the comparable period last year because of the incidence of dividends from other investments.

Grp. Investors lower at midterm

After tax of £41,394, against £39,772, net revenue of Group Investors fell from £70,355 to £65,514 for the half year to December 31, 1978. Gross revenue was some £10,000 up at £211,036.

Net assets at half-time were down at £7.36m, against £7.79m at June 30. With prior charges deducted at par this was equivalent to a value per share of 86.3p (88.4p). Earnings were down at 0.99p (1.06p) per share.

As already known the net interim dividend is raised to 0.8p (0.72p) and costs £53,129 (£47,794).

Brengreen on target

The interim figures of the newly-formed Brengreen (Holdings), formerly Empress Services (Holdings), are in line with expectations, say the directors. The enlarged group made taxable profits of £124,000 on turnover of £6m for the 27 weeks to October 7, 1978.

The Board adds that it is confident the forecast profits of £280,000 before tax and loan interest for the period to March 31, 1979, will be achieved.

The interim dividend is 0.1p net per 10p share, and a final of 0.1p is forecast. Stated earnings per share are 0.4p. Tax takes £72,000.

Increase by IoM Steam Packet

ATTRIBUTABLE profits of the Isle of Man Steam Packet Company increased from £439,000 to £1,135,628 for 1978.

The net dividend is raised from 14p to 17p per £1 share, including a 2p bonus. A one-for-two scrip issue is also proposed.

Profits were after depreciation of £459,898 (£420,374), tax of £230,000 (£75,000) and extraordinary items of £226,515 (£50,616).

Longton hopeful after 31% rise at midway

TAXABLE profits of Longton Transport (Holdings) advanced by 31 per cent in the half-year to September 30, 1978. And, in spite of the lorry drivers' strike, the group expects to improve on the £1.15m before tax that it made in the whole of last year.

At the halfway stage pre-tax profits rose from £628,000 to £824,000 on turnover up by 21 per cent from £13.78m to £16.64m.

The directors say all divisions showed increased profits during the period, and the improvement has been maintained during the last quarter of the 1978 calendar year.

They add that the recent strikes and picketing will affect group profits, but providing these problems ease in the near future some significant improvement, compared with the previous year, can still be expected.

The interim dividend is raised from 1.1p net per 25p share to 1.25p. Last year's total pay-out was 3.8458p.

	Half year 1978	1977
	£000	£000
Turnover	16,641	13,778
Trading profit	1,059	854
Bank and loan int.	235	226
Profit before tax	824	628

City of Ldn. Brewery

After tax of £499,705 against £422,525, net profits of the City of London Brewery and Investment Trust expanded from £752,858 to £864,018 for the half year to December 31, 1978.

Two net interim dividends making 1.38p have already been announced—the previous year's payments totalled 2.76p and comprised four interims.

Lonsdale Universal turns in £373,000 rise and optimistic

WITH SECOND HALF profit showing an increase from £860,000 to £871,000, Lonsdale Universal has lifted its total for the year to September 30, 1978 by £373,000 to £1.62m.

Mr. Alan Edwards, the managing director, says the group's concentration on its main trading areas—stationery, printing and bookselling—was producing satisfactory results. The current year may be more difficult but "we have quite a lot going for us."

	1978	1977
	£000	£000
Turnover	30,084	25,870
Office, stationery	13,729	12,045
Printing	8,006	7,439
Bookselling	4,351	2,628
Retailing	3,998	3,758
Profit†	2,187	1,857
Office, stationery	1,306	1,097
Printing	624	593
Bookselling	227	142
Retailing	30	*36
Management costs	569	412
Profit before tax	1,618	1,245
UK tax	362	287
Overseas tax	11	14
Net profit	1,245	964
Extraordinary debits	139	‡5
Preference dividends	22	22
Ordinary dividends	365	314
Unappropriated	719	634

* Loss. † After depreciation £392,000 (£250,000), interest paid £562,000 (£635,000), etc. ‡ Credits.

The final dividend is 3.5029p to make a net total of 5.1729p, compared with 4.6324p. Also announced is a one-for-four scrip issue. Earnings per 25p share are shown at 17.28p, against 13.9p.

The group's primary activities in office supplies and printing both showed healthy increases in turnover and profit. In bookselling profits rose by 50 per cent even though seasonal factors resulted in only a small profit from the new Australian company acquired last July.

Retailing turned in a small profit, reversing last year's losses, following the closure of unprofitable stores, although the closure costs formed the larger part of extraordinary items of £139,000.

Sommerville warns on second half

TAXABLE profits of William Sommerville and Son rose from £157,000 to £189,000 in the six months to November 30, 1978, on turnover ahead from £2.32m to £2.74m. But the directors warn that the present industrial unrest will affect second-half trading.

For the whole of last year the company turned in taxable profits of £372,000 on £5.13m turnover.

The Board adds that the pulp market has further strengthened, increasing the price of woodpulp. But there has not been a similar strengthening of demand for its own products, and this has put pressure on profit margins.

The interim dividend is raised from 0.5p net per 25p share to 0.55p. Last year's total was 2.75p.

Tax for the half-year is up from £84,000 to £93,500.

Steinberg steady at halfway

PRE-TAX profits of the Steinberg Group, the ladies' clothing and handbag manufacturer, stood at £260,000 in the 27 weeks to September 30, 1978. This compares with taxable profits of £243,000 for the 26 weeks to September 24, 1977.

Turnover was ahead from £10.59m to £12m.

After tax of £150,000, against £138,000, and minorities of £1,000 (£3,000 credit) attributable profits come out at £109,000 (£103,000). Stated earnings per 10p share are 0.83p (0.82p) and the dividend, which takes £39,000 after waivers, is held at 0.32p net.

For the whole of last year the group made taxable profits of £503,000, compared with £212,000 the previous year and a loss of £140,000 in 1975-76.

Armour Trust well ahead

With turnover 11 per cent higher at £3.89m, taxable profits of Armour Trust jumped 41 per cent from £154,000 to £217,000 for the half-year to October 31, 1978. In the last full year, a £252,000 surplus was achieved.

There is again no tax charge and it is not anticipated that any liability will arise on full year profits. After unchanged minorities of £2,000, attributable surplus advanced from £152,000 to £215,000. Half-yearly earnings were 1.8p (1.3p) per 10p share.

The directors believe that in current circumstances it is still necessary to continue to build up reserves and consequently no interim dividend is recommended.

However, consideration will be given to the payment of a final when full year results are known, they add—the last payment was a single 0.2p net in respect of 1973-74.

The company proposes to give shareholders owning not more than 500 ordinary shares or £100 nominal of loan stock, the opportunity to dispose of all their holdings if they so desire, without deduction of Stock Exchange costs.

Armour will make arrangements on behalf of those holders who wish to dispose of all their shares or loan stock by arranging with its stockbrokers for the holdings to be aggregated and sold on their behalf in the market.

It will under the terms of this arrangement pay all Stock Exchange costs of disposal, but not any capital gains tax or capital transfer tax for which holders may be liable as a result of disposing of their holdings.

During the half-year, the group's confectionery side continued to trade satisfactorily, and the directors anticipate a modest increase in full-year profits provided that deterioration in the industrial environment is not prolonged.

Telesure made a useful contribution to profits although financial constraints, together with adverse local trading conditions, restricted its progress.

The directors anticipate that the formalities relating to the termination of the group's Belgian subsidiaries will be completed before the end of its financial year. This cessation of activities will have no material effect on the affairs of its UK companies.

Further sales of UK properties have been agreed and assuming completion of these sales the portfolio will then consist of one development site and four small investment properties.

Robert Lowe sees satisfactory year

TRADING PROSPECTS of Robert H. Lowe and Co., knitted garment manufacturer, have shown a marked improvement over recent months, says Mr. J. Robertshaw, chairman, in his annual statement, and there is reasonable order cover well into 1979.

In addition to home market business, contracts have been secured in a new export field. This will make a useful contribution to turnover and profits in the current year, it is anticipated. Another satisfactory year's trading is therefore expected, providing the economic climate remains favourable.

As already announced, the company made a record £497,660 (£440,333) in the 52 weeks to October 27, 1978, on turnover up from £4.93m to £5.56m. Net profit was £235,961 (£209,341).

The company showed good progress during the year and maintained profitability in a difficult trading period. The Board continued its policy of improving and updating capital equipment, and spent £106,019 of investment grants on buildings, plant and equipment.

Stock and work in progress and debtors again showed increases. While additional funds were required to finance these, liquid cash resources nevertheless showed a distinct improvement at the year-end.

Meeting, Congleton, on February 23.

James Crean sees profit increase

Trading in the current year so far has been satisfactory, says Mr. Domhnall McCullough, chairman of James Crean, in his annual report, and pre-tax profits are expected to show an increase over the previous 12 months.

As reported on December 8, pre-tax profits rose 34.77 per cent to a record £1.52m for the year to June 30, 1978, on turnover up by £3.67m to £21.5m.

A considerable amount of attention has been given to the search for investment opportunities, says Mr. McCullough, particularly in the last six months. While there is no immediate prospect of an acquisition, there are hopes that the company will have made a number of significant investments either in Ireland or overseas in the next year.

The directors have decided to change the nominal value of the company's ordinary shares from 50p to 25p, which will increase the number on issue from 3,645,000 to 7,290,000.

The performance of the Wade Group again produced a substantial increase in sales and profits over the previous year. All

The current liabilities total of £7.39m (£6.3m) includes short-term loans of £1.84m (£2.11m).

A source and application of funds statement shows a net decrease in debt of £405,184 against an increase of £627,153.

Meeting, Dublin on February 20 at 3.30 p.m.

Comm. Bank of Wales up to £1.17m

Reporting pre-tax profits up from £648,000 to £1,168,000 in the 12 months to December 31, 1978, the Board of Commercial Bank of Wales says that despite a difficult trading year, there was a satisfactory growth in all aspects of the group's business.

Prospects in 1979 for this unquoted group, they add, are difficult to predict, but it is expected that the group will improve its market share overall. In addition, plans are being implemented to provide a new Wales-based financial service for industry and commerce, previously unavailable within the country.

The net dividend per £1 share is increased from 3p to 4.5p.

Tax is payable at £545,000 (£286,000).

At the half-way stage, pre-tax profits were up from £173,000 to £231,000.

BIDS AND DEALS

LMI offering £8.4m for Caledonian Holdings

BY ARNOLD KRANSDORFF

CALEDONIAN HOLDINGS, the group of industrial companies sold off last month by Stenhouse Holdings, is considering two bid approaches—just 24 hours after dealings in its shares began.

One of the bids—by the engineering and consumer products group, Londnn and Midland Industrials—values Caledonian at around £8.4m, which is £2.46m more than Stenhouse obtained through the flotation.

The second approach, from an unnamed company, is for Caledonian's buoyant home improvemant division which, in 1977-8, contributed just ovar a quarter of group profits.

Last night Caledonian's directors said that a statement would be made "at an early date." In tho moantime, with tho support of their advisers, Noble Grossart, they advise shareholders not to take any action.

If the offer succeeds, Caledonian could go down as the public company with tho shortest aver independent lifespan.

Mr. C. M. Beddow, LMI's chairman, yesterday explained the circumstances surrounding this unusual bid approach.

He said that LMI had for some tima boon interested in acquiring Stenhouse's industrial interests. However, he had been unaware that Caledonian was being hived off until the public announcement on January 20.

"It seemed not too late to bring the two companies together, especially as we valued Caledonian higher than the offer price of 65p," be said.

So when the shares went on offer on January 25, applications were made by a number of nominee holdings on LMI's bobalf. LMI was eventually allotted 2m shares or 20 per cent of the total on offer.

When dealings began yesterday, LMI bonght a further 946,000 shares at an average price of 86p, bringing its stake up to 29.46 per cent, just short of the level at which it would have been obliged to make a formal bid.

But yesterday morning, LMI went ahead anyway. Its bid, for the remaining 7.05m shares, is on the basis of six Ordinary shares of LMI for every seven Ordinary shares of Caledonian.

Full acceptance of the offer will involvo the issue of 6.05m ordinary LMI shares. Based on LMI's current market price of 98p, down 5p yesterday, the offer values each Caledonian share at approximately 84p.

Arrangements have been made for Morgan Grenfell to underwrite the issue of new ordinary shares of LMI in order to provide a cash alternative of 80p per Caledonian share.

In the market yesterday Caledonian's shares jumped 12p to 84p, right in line with LMI's share offer.

LMI says that it expects its earnings per shara will show an increase of 26 per cent if the acquisition goes through.

The Caledonian offer for sale was oversubscribed by 2.1 times before dealings began. Tho company was formerly called Stenhouse Industries, and apart from tho DIY business, its activities include engineering, jewellery manufacture and ladies' bosiery.

Mr. Beddow said ho believed thet Caledonian's prospects "were far better under a larger umbrella."

Commenting on tho bid approach from LMI, a spokesman for Noble Grossart said that this was one of the risks in going pnblic in this way.

Referring to the offer price of 65p, which is 19p below LMI's share offer, ho said: "Market forces and comment et the time seemed to indicate that the offer was pitched at tho right level."

Another Canadian disposal brings in £11.3m for Reed

A further £11.3m has been raised by Reed International through the sale of another large slice of its Canadian businesses. The British based group is continuing to negotiete with a number of local companies the sala of its remaining Canadian assets.

Reed has raised more than £100m in the past ten months through disposal of overseas interests — in Canada, South Africa and Australia. The money has so far been used to reduce dobts.

The group said yesterday thet it had now agreed to aell tha fixed assets of its linorboard, corrugated container and paper waste-recycling businesses in Montreal, Toronto and Mississauga and Buffalo to Domtar for approximately C$27m (£11.3m).

ecquire Reed's loss-making linerboard plant in Toronto which is to be absorbed into Domtar's profitable packaging operations.

This still leaves Reed with the task of finding buyers for the remainder of its Canadian assets—largely its troubled Dryden pulp mill in Ontario and the profitable newsprint mill in Quebec.

Reed has said that it is negotiating with a number of Canadian groups for the sale of al its Canadian interests.

In the last year Reed has mounted a multi-million pound disposal programmo in a bid to reduce heavy borrowings.

Last year tha group raised £27.3m from the salo of its British Columbia joint venture interests. In addition tho group raised £25.4m from the sale of its 80 per cent staka in its Australian holding company and £39m from the disposal of its 63 per cent stake in Nampak, the South African packaging concern.

Eagle Star makes offer proposals to EPC

Eagle Star Insurance is set to counter the £40m bid for English Property Corporation made by NV Beleggingsmaatschappij Wereldhave. The insurance group, which controls 27.2 per cent of the EPC equity, disclosed yesterday that, in view of the proximity of the February 5 closing date of Wereldhave's offer, it had submitted proposals for a cash offer to the EPC board two days ago.

The EPC board, which shares its chairman Sir Brian Mountain and other directors with Eagle Star, has been asked to respond to this initiative by noon today.

Shares in EPC bevo consistently traded abova tho 37p per share offer from the Dutch property group and added a further 2p yesterday to close at 44½p. Eagle Star advanced by a like amount to 132p.

At current prices the acquisition of EPC's outstanding equity would cost Eagle Star some £31m.

The executive directors in the property group boardroom, reconstituted after the resignation of chief executive Mr. David Llewellyn last October, are known to be fiercely independent and ready to publish the results of a major portfolio revaluation.

Book assets were shown at £770m, or 91p per share, in the last balance sheet but, in view of EPC's high gearing, estimates of current net worth have since varied.

Tannergate changes hands

A controversial £15m portfolio of flats, shops and offices, sold by Legal and Generel Assurance in 1977 to a consortium headed by the Bernard Sunley Investment Trust seems to havo changed hands again.

Tha buyer who may have paid nearly £9m for the proporties, is said to be tho Bovis building group, according to a statoment yesterday from a member of tho original consortium.

Tho statement was issued by Rosehaugh, an erstwhila tea company which has been built up into a property dealing group by Mr. Godfrey Bradman, who is also chairman of London Mercantile Group.

Rosehaugh paid £70,000 for a fifth share in a company called Tannergate, whose sole asset is the £15m portfollo purchased from Legal nd General.

By mid 1978 Rosehaugh told shareholders thet sales of parts of tho portfolio had reduced Tannergate's borrowings to £3m but what was left in the portfolio still had an open market value of £12.2m—£8m over book cost.

Further sales have taken place since that date but Rosehaugb now says that Bovis has bought the whole of Tannergate at a price which gives Rosehaugh £1.74m in casb for its fifth share.

Grossing up this figuro suggests that Bovis has paid £8.7m for tho portfolio.

In fact the money will not change bands until September as guarantees have been given against the properties, but once completed the deal is said to improve Rosehaugh's net tangiblo assets by £1.2m.

The money is to be invested in gilts in the short term but investments in high yielding undervalned listed companies are being looked for.

The sale of Tannergate means that Rosehaugh is now beck to being a cash-rich company looking for investments.

JOHNSON MATTHEY SETS MEYERCORD

Johnson Matthey's offer of $43.64 cash to acquire the Meyercord Company has been eccepted by more than 90 per cent, and it has now become unconditional.

Located in the Chicago area, Meyercord is among the blgger American manufacturers of transfers for a wide spectrum of applications. These include trade names on sporting goods and apparel, motor body trims, container identificetion signs, and transport fleet insignia.

The acquisition represents a major step forward in the development of Johnson Matthey's activities in North America and extends the ranga of products available from the transfers division with considerable market potential worldwide.

NO PROBE

The proposed merger of tho process valve and control equipment operations of the General Electric Company and Monsanto Corporation is not being referred to the Monopolies and Mergers Commission.

Brockhouse off to good start

THE FIRST QUARTER of the current year had started well at Brockhouse, Mr. R. J. H. Parkes, chairman and managing director, said at the annual meeting yesterday. He added that the overall performance is in advance of that of the same period last year. In the last 12-month period, pre-tax profits were £3.54m on turnover of £69.38m.

The Board was pleased with the continuing improvement of the group companies in the U.S. and Canada, and some capital expenditure had been brought forward to cater for increased activity. The sale for cash of Rollform interests in South Africa had been concluded.

The purchase of Graves Gauge Grinding (Precision) Co., a small Birmingham engineering company, was finalised by the Board this week. This would help tho engineering division to meet current and future demands for hydraulic transmissions.

The group has been troubled by the national disputes, particularly the transport drivers' strike. However, all group factories had managed to work normally, but the chairman pointed out that, even after a settlement, there would be a "knock-on" effect.

He added that the group had approaching £1m in exports unable to pass through tho docks.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brigray, Guinness Peat, Hardy (Furnishers), Reabrook Investment Trust, Second Alliance Trust, Stoddard Holdings.

Finals—Hirst and Mallinson, Kuala Lumpur Kepong Berhad, D. M. Lancaster, Scottish United Investors.

FUTURE DATES

Interim—

M. C. Holdings .... Feb. 5

Finals—

Associated Fisheries .... Mar. 1

H. T. Investments .... Feb. 12

BUENOS AYRES TRAMWAYS

In his report, tho liquidator of City of Buenos Ayres Tramways Company (1904) says be expects to make a twelfth distribution to shareholders at the end of July, et a rate of about 10.5p per share.

Downturn at A.C.E. Machinery

PRE-TAX PROFITS of A.C.E. Machinery (Holdings), construction equipment manufacturer, slipped from £321,000 to £299,000 in the year to September 30, 1978, on turnover up from £3.12m to £3.31m.

The not dividend is increased from 3.383p to 3.777p. There is also a supplementary payment of 0.051p for 1976-77.

Tax takes £158,000 (£166,000). Retained profit is £82,000, against £103,000.

At the halfway stage, pre-tax profits were £90,000 (£97,000) after deducting £13,000 exceptional non-trading and non-recurring axpenditure. Turnover stood at £1.6m (£1.5m).

Garford-Lilley shows progress midway

REPORTING AN increase in pre-tax profits from £174,704 to £193,225 in tho half-year to September 30, 1978, the directors of Garford-Lilley Industries say the results show continnod steady progress, and they hope this trend can be maintained.

They add that it is, however, adverse factors which must be taken into account, particularly the current unsettled state of the country's trade. It is impossible to forecast how the national situation will affect the group's trading, and therefore the full year's results.

Every effort is being made to overcome these difficulties. In the meantime, all the group's divisions are engaged not only in current business, but in developing now products and new markets.

After tax of £100,477 (£90,846), earnings per 5p share are shown higher at 1.41p (1.27p). The net interim dividend is the same at 0.175p, absorbing £11,537. Last year's total payment was 0.8p on pre-tax profits of £406,583.

Turnover in the six-month period was up from £1.99m to £2.3m. Attributable profit is £92,748 against £83,858.

The group has interests in general engineering, manufacturing of plastic extrusions and mouldings, and wood working.

Singlo Holdings looks to development benefits

THE BENEFITS of Singlo Holdings' long-term development programme will start to come through in 1979-80, says Mr. D. M. Slocock, chairman, in his annual report.

He adds that the UK programme involved sizeable investment in most of the 1977 acquisitions, and he believes that profits from this work, and the 1978 acquisitions, will begin to make a real impact on the group's results in the next financial year.

Of the tea business, Mr. Slocock says the group expects to earn very satisfactory profits within the context of the trends in margins within the industry, and local market conditions.

As reported last month, the group turned in pre-tax profits down from £922,000 to £906,000 in the year to March 31, 1978, on sales ahead from £3.4m to 6.1m.

Mr. Slocock adds in his report that the programme of Indianisation is complete. The group's Indian tea estates are now operated by an Indian company, Singlo (India) Tea Company, in which the company has a 73.3 per cent interest.

A breakdown of pre-tax profits shows that the tea division turned in £971,000, food and drink £5,000, giftware £51,000 and head office expenditure and loan stock interest took £121,000.

Current assets are shown np from £2.01m to £3.64m with stocks at £1.93m (£860,000) and debtors £1.38m (922,000). Current liabilities stand at £3.23m, against £1.6m, and creditors have almost doubled from £879,000 to £1.63m and secured bank overdrafts are £549,000 (nil).

Net current assets are £410,151, compared with £409,806.

The interests of the directors and their families in the company's shares have been increased as follows: Mr. Slocock 236,000 (118,000), Mr. H. W. Dixon 122,860 (40,000), Mr. J. Henderson 56,160 (25,000) and Mr. D. J. K. Wadham 24,815 (5,000).

The auditors Deloitte Haskins and Sells make a qualification to the accounts in respect of recoverablo advanced corporation tax.

They say that included in current assets is £71,071 in respect of advance corporation tax recoverable which in tho opinion of tha directors will be recovarod by March 1980. They have not been able to satisfy themselves as to whethor there will be sufficient taxable profits to enablo £49,000 of this amount to be recovered by that deto, and thereforo whethor this amount should bo carried forward as a current asset.

Meeting, Empire House, Kennington Road, SE, on February 22 at 11 am.

Guaranteed growth bond from Scottish Equitable

The Scottish Equitable Life Assuranco Society is launching its first evor guaranteed growth bond, yielding 9.2 per cent not over five years. Called the SE Bond (1979), it is offectively a whole of life contract by singlo premium with guaranteed boons additions over the first five years. At the end of fiva years tho investor can surrender the contract on a guaranteed basis to provide the original investment plus the declared bonuses.

The investor bas the option at the end of five years to leave the bond with the company. It will still continua to participate in profits by means of a special oonus, but its valno is no longer guaranteed. Thus the bondholder can defer cashing the bond until his tax situation eases sufficiently to reduce any possible tax liability.

If tha bondholder wisbes for income during the five-year period or beyond, there is a withdrawal nption of 5 per cent of tho initial investment without incurring a tax liability at the time. Bnt the terms for a full cash-in during the five-year period are not guaranteed and depend on investment conditions at the time of cash-in. The current basis is 90 per cent of the original investment with interest at 7 per cent. Bnt a gilt depreciation factor could be applied.

This is the first venture by the company into the guaranteed growth bond market, an area usually markoted by the newer formod lifo compenies. Tho plan has potontial for being taken out in conjuoction with other plans markotod by the company, such as the floxible ondowment plan.

BANK RETURN

—	Wednesday January 31, 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	32,411,519	+ 7,499,044
Special Deposits	1,112,560,000	—
Bankers Deposits	518,378,854	+ 86,660,712
Reserves & other Accounts	673,443,421	— 26,453,764
	2,349 546,794	+ 67,706,892
ASSETS		
Government Securities	1,889,621,088	+ 45,875,000
Advances & Other Accounts	240,269,956	+ 38,327,918
Premises, Equipment & Other Secs.	202,161,080	— 8,780,308
Notes	17,117,577	— 2,508,874
Coin	177,093	— 8,417
	2,349,346,794	+ 87,700,992
ISSUE DEPARTMENT		
	£	£
LIABILITIES		
Notes Issued	8,775,000,000	+ 25,000,000
In Circulation	8,757,882,423	+ 34,508,274
In Banking Department	17,117,577	— 9,008,274
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,727,801,192	+ 18,191,523
Other Securities	1,036,183,708	+ 6,808,677
	8,775,000,000	+ 25,000,000

MINING NEWS

Amax earns a record $160m in 1978

BY KENNETH MARSTON, MINING EDITOR

RECORD earnings for 1978 from sales of $1.75bn (£877m) are reported by America's natural resource giant, Amax. And the chairman, Mr. Pierre Gousseland, expects that tho strong performance, "will be exceeded in 1979, barring tha unlikely prospect of a severe disruption in the economy."

Following a bnoyant fourth-quarter when nat earnings advanced to $60.8m (£30.5m), the total unandited net earnings of Amax for 1978 have advanced by 34 per cent to a best-ever $160m, or $4.14 per share, from $119m in 1977, tha latter figure being before a not charge of $50m which reflected a gain from the sale of the company's Canadian potash interests offset by a writing-down of tho boldings in Botswana RST and Roan Consolidated Mines.

After wbat msy bo described as a cautious dividend policy, Amax raised its quarterly distribution rate to 55 cents from 43¾ cents in October last year, tho first increase since Decomber 1974. Another quarterly payment of 56 cents was declared last month. Tho latest results thus underline the indicated $2.20 annual rate and hold out the bope of a further increase.

Tho advance in 1978 earnings bas stemmed from better profits on molybdenum and copper as a result of bigher profit margins and increasad salos; the contribution from coal was similarly increased despite the United Mine Workers' striko in tbe first quarter; higber shipments lifted earnings from Iron ore, oil and gas; and the consolidation of Canada Tungsten earnings also mado its contribution.

On tho othor sido of tha coin, lead revenue fell because of the 70-day strike at tho Missouri operations while zinc earnings were hit by lower metal prices. Exploration costs rose and losses on nickel continuod, altbougb they were loss than in 1977.

In anticipetion of tbo good results, shares of Amax bave beon e strong market recently and yesterday they gained ⅜ more to £38 in London. Shares of Seleetion Trust, which has a stake of 8.3 per cent in tbe U.S. major, hardonod 2p to 500p, having risen from 442p this year. Charter Consolidated bas 25.8 per cent of Selection Trust.

A setback at Bellambi

A SHARP setback in earnings is reported by the Consolidated Gold Fields group'a Bellambi coal operation in Australia's New South Wales.

Despite an increase of 16.5 per cent in the valuo of coal and coke sales the net operating profit for the balf-year to December 31 has dwindled to A$462,000 (£263,000) from A$2.99m in the same period of 1977.

The intorim dividend has been reduced to 10 cents from 17.5 cents; the previous year's final was 22.5 cents.

Bollambi blames tho setback on the transport co-ordination levy and continued high demurrage charges with matters not being belped by all three of the longwall mining units being out of production for an appreciable time.

Howevor, Bellambi is anticipating a continuing increase in its export sales and reckons thet this together with the promised removal of the coal export duty at the end of June "will return the company to a more satisfactory lovel of profitability."

A less difficult half year has also been experienced by the group's Associated Minerals Consolidated mineral sands producer in Australia. Tha loss for the half year to December 31 has been reduced to A$290,000 from A$2m in the same period of 1977. Not surprisingly the company remains out of the dividend list.

But AMC points to the revival in the price of rutile and says that its Eneabba zircon has achieved an encouraging market penetration. Output at Eneabba continues to increase and production problems at the North Stradbroke Island operation bavo now been overcome.

It is added that whilo these trends provide scope for better profits in the future, the effect will not be evident in the near term because of the impact of forward sales commitments mado at low prices during the depths of the mineral sands recession.

S. AFRICAN GOLD OUTPUT MAY EASE IN 1980s

South African gold production this year will be only a fow tonnes bighor than tho 703.8 tonnes produced in 1978 according to Mr. Dennis Etheredgo, chairman of the gold and uranium division of Anglo American Corporation of Sonth Africa.

South Africa is tho world's largest gold producer altbough tho 1977 output of 700 tonnes was the lowest for 16 years. Tho second largest is the Soviet Union with estimated annnal exports of between 300 and 400 tonnes.

Australia will allow uranium contract deals

PLANS to devolop Australie's big uranium doposits moved a stage further towards fruition yesterday.

The Federal Government announcod that companies wbich bad received its approval to devolop uranium deposits would now be allowod to negotiate sales contracts with prospective buyers, in lino with tho Govornment's uranium export policy.

Announcing this, the Minister for Trade and Resources, Mr. Douglas Anthony, said tho decision would facilitato tho raising of capital by uranium mining companies.

He stressed that no dolivorlos of uranium could bo mado until a safeguards agreomont was in offect betwoon tho Govornment and any country wbicb wantod Australian uranium.

So far, safoguards agreements have been signed with Finland and the Philippines and Initiallod with tho United States. Britain bas signed, but tho egreemont Is being held up until Australia reaches an overall agreemont with the European nuclear agoncy, Euratom.

FOOD PRICE MOVEMENTS

	February 1 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton†	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	—	—	13.40/13.53
English per cwt†	81.65	81.65	81.11/81.65
Danish salted per cwt†	80.98/83.72	80.98/83.72	80.98/83.49
CHEESE‡			
NZ per tonne	1,260	—	1,250
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	4.90/5.20	5.00/5.20	—
Size 2	5.50/5.80	5.80/6.10	—
	February 1 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	57.0/60.0	—	58.0/61.0
Eire forequarters	44.0/46.0	42.0/45.0	—
LAMB			
English	52.0/60.0	54.0/62.0	56.0/60.0
NZ PLs/PMs	—	—	36.0/46.0
PORK (all weights)	35.0/46.0	35.0/46.0	36.0/46.0
POULTRY			
Broiler chickens	37.0/38.0	36.5/38.0	38.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery February 3-10.

China launches new tin mine

CHINA is reported to have opened the first phase of a large tin mine in the southern part of the country and indicated that its national reservos of tin ore might bo far largor than previously estimeted.

A brief announcemont by the official Hsinhua news agoncy from Nanning, the capital of the Kwangsi antonomous zone, ebont 100 milos from the Viotnamese border, said that trial operations of the mina and associated ore-dressing oporations had bogun, and that construction of a second phase of the project was undor way.

The first phase alone, according to tbo nows agoncy, will produce ono million tons of tin ore annually, from which 4,000 tons of tin, 20,000 tons of zinc, 5,000 tons of load, 3,000 tons of antimony as woll as rare and precious motals and sulpbur will bo oxtracted.

Hsinhua said that the mining area in Kwangsi extends for about 60 miles and that tbo mine has tin reserves of 800,000 tons. The Chineso previously snnounced, however, the discovery of three large and two small nonforrous deposits in the Hochih aroa of Kwangsi.

According to the U.S. Bureau of Mines, China currantly produces 20,000 tons of tin annually. Of this, it is believed that China uses 8,000 tons a year and exports the rest. The blggest customor for Chinose tin is tho U.S. Domestic consumption of tin is expected to grow, however, as China bogins to produce more of tho tin plate it currently imports.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

SEC draws up new takeover rules

By David Lascelles in New York

NEW TAKEOVER rules which favour the target company have been proposed by the Securities and Exchange Commission as part of its attempts to bring the frequently stealthy world of bids and deals out into the open.

The major proposal is that companies or individuals buying a corporation's stock should declare this immediately if they are planning a takeover or if they know on the basis of inside information that one is forthcoming. At the moment such declarations are only necessary if a purchaser comes to own more than 5 per cent of the stock.

The SEC also proposes the introduction of a minimum period for tender offers: 30 business days, plus ten days if the terms are changed at all in the meantime. New rules would also make it easier for shareholders in the target company to take back their tendered shares if they change their mind, or if a rival bidder comes forward.

Among other smaller changes, which would also protect the interest of the target company, the SEC proposes that where a tender offer fails, the bidding company must pay at least its tender price for any shares it buys in the 40 days after the tender expires. This is to prevent raiding companies taking advantage of the sharp drop in target company shares that usually follows a takeover bid.

Under the new rules, the target company would also have the option to circulate details of a tender offer to its shareholders itself, in order to protect their identity. Unlike the UK, where the names of shareholders are public knowledge, the U.S. does not require this information to be published, which makes it difficult for bidding companies to go over the target board's head and appeal directly to the shareholders by mail. Usually, the bidding company asks the courts to command the target company to produce its shareholder lists. If the new rules are approved, the bidder would be able to mail its offer to the shareholders without knowing who they are.

The SEC is seeking comments on the proposals until March 30, after which it expects to promulgate the new rules in three months.

U.S. operations lift Socal

By Stewart Fleming in New York

STANDARD OIL of California reports that its income for 1978 rose 10 per cent to $1.1bn, or $6.48 per share, from $1bn, or $5.89 per share. This included a sharp fourth-quarter rise of 33 per cent in earnings over the same period a year earlier. Revenues for the year were $24.6bn compared with $22bn the previous year.

Mr. Harold Haynes, the chairman, said the improvement was due mainly to better petroleum operations in the U.S., where prices rose for crude oil, natural gas and most petroleum products.

Foreign petroleum earnings fell 3 per cent to $546m. Chemical earnings also suffered a fall, from $29m to $25m, because of weakness in the fertiliser and synthetic fibre markets.

Scott Paper better than expected in fourth quarter

BY JOHN WYLES IN NEW YORK

SCOTT PAPER, the world's largest producer of toilet tissue and paper towels, looks set for an important breakthrough in its earnings pattern following a 320 per cent increase in fourth quarter earnings.

The company's profits have been lodged in the $62m to $73m range since 1974 as it clearly laboured with increasingly obsolete and inefficient operations. During the last year a modernisation programme has been underway, involving the closure of dated facilities but also the addition of new products.

The company's 1977 fourth quarter net earnings of $7.75m were depressed by write-downs on plant and equipment but, nevertheless, its 1978 final quarter proved far more profitable than expected.

Net earnings were $32.55m or 84 cents a share, on sales which had risen from $399.9m to $464.82m. These earnings were recorded despite a strike at an important mill at Everett, Washington.

For the year as a whole, net earnings were $93.56m or $2.41 a share, compared with an operating net in 1977 of $62.1m or $1.60 a share. The 1977 earnings were boosted to $99.1m by a credit stemming from a change in accounting principles. Sales last year rose from $1.52bn to $1.72bn.

McGraw shares drop sharply

BY OUR NEW YORK CORRESPONDENT

THE SHARES of publishers McGraw-Hill opened for trading on the New York Stock Exchange yesterday for the first time since January 26, and in heavy trading fell sharply as speculators discounted the prospect of a successful takeover offer by American Express.

By mid-day some 375,000 of the company's shares had changed hands with the price falling $3⅞ from the January 26 close to $28⅜. The value of the shares traded was around $10m.

Wall Street estimates suggest that perhaps as much as 15 per cent of Morgan-Hill's 24m shares are in the hands of arbitragers or speculators who had bought in anticipation of American Express making a successful bid.

On Wednesday, however, the McGraw-Hill board, having already bitterly opposed a $34 a share offer earlier, turned down a $40 a share "friendly" merger offer from American Express. Amex said it is leaving the proposition on the table, perhaps until March 1.

It is clearly hoping that lawsuits, already filed by angry McGraw-Hill shareholders who are disappointed at being denied the opportunity to accept $40 a share in cash for their stock will force the board to change its mind.

The directors could, in theory, be personally liable for the decision to reject the $1bn bid. They have, however, taken a legal opinion supporting their position and it is pointed out that an action against directors for breaching fiduciary responsibility in a takeover situation has never succeeded in recent times, if ever.

Wall Street's concensus was expressed yesterday morning by Mr. Herbert E. Goodfriend, research analyst for Loeb, Rhoades Hornblower, who has concluded that there is now virtually no chance of American Express succeeding in its attempt to acquire McGraw-Hill.

Bethlehem Steel revamps top management structure

BY STEWART FLEMING IN NEW YORK

BETHLEHEM STEEL, the second largest U.S. steel producer, yesterday announced plans for a shake-up in its top management, including the appointment of the company's top public relations official to the presidency.

Mr. Lewis W. Foy, chairman and chief executive of Bethlehem which is emerging from heavy losses in 1977, disclosed that the company's executive office is to be reorganised to include the election of a president and executive vice-president.

Under the new organisation the three current vice-chairmen, Mr. C. William Ritterhoff, Mr. Richard M. Smith and Mr. Frederick W. West will be joined in the executive office by the new president, Mr. Richard F. Shubert formerly vice-president public affairs, and by the new vice-president, Mr. Donal D. H. Trautlein, formerly senior vice-president accounting and comptroller. Mr. Foy emphasised that the executive office positions of vice-chairman, president and executive vice president are considered to be of equal authority.

The appointment of a former public affairs executive to such a senior rank is a first for the company and reflects the public, legal, and political issues which are now so important to its overall business.

The U.S. steel industry in general has been one of the slowest sectors of the economy to respond to the need for a more sophisticated political approach to the issues facing it. But its experience over the past two years with the issues raised by the dumping of imported steel and its own financial difficulties appear to be having an impact on corporate attitudes.

Clearance for Carrier merger

By Our New York Staff

THE LAST obstacle to United Technologies' full acquisition of Carrier Corporation has now been removed with a U.S. district court judge turning down a Justice Department bid to block any further progress in the merger.

However, the judge also issued a "hold separate order," which places limitations on the extent to which Carrier's business and management can be fully integrated into United Technologies.

But the Justice Department had also sought an order preventing United acquiring the balancing 53 per cent of Carrier voting stock, a move it claimed would amount to taking control. ... Carrier to stock and from securing Board representation. The department wished to freeze the status quo until the conclusion of a full anti-trust suit it has launched against the merger.

Auditors qualify PPG results

By Our Financial Staff

A CLOUD has been cast over the dramatic return to profit at PPG Industries, the glass, chemicals and resins manufacturer, by the news that its independent auditors have qualified their opinion because of uncertainty related to a net charge of $49m or $1.55 a share in connection with the closing of its Puerto Rican operations.

The company said that "while such uncertainty was greater than normal," in its opinion "the charge reasonably approximates the costs that will be incurred."

For the final quarter of 1978, PPG reported a net profit of $600,000 compared with a loss of $26.5m, with a per share equivalent of one cent, this time.

Net earnings for the full year rose by 44 per cent to $132.1m or from $2.93 to $4.19. At $2.79bn, sales increased by 11.6 per cent.

Mr. L. Stanton Williams, the chairman, said that the latest fourth quarter earnings before the Puerto Rican charge exceeded those for any fourth quarter in the company's history.

Both final quarter and full year net earnings, said the company, were struck after a writedown of $63.8m associated with a decline in the value of the Puerto Rican operation.

MacMillan Bloedel ahead

By Robert Gibbens in Montreal

MACMILLAN-BLOEDEL, Canada's largest forest products company which owns nearly 20 per cent of Domtar, had operating net earnings of C$100.9m (U.S.$85m) for 1978, equal to C$4.50 a share, against C$60.7m or C$2.70 a share a year earlier. The 1977 figures exclude C$22.3m write off for investment in a French pulp company.

Higher net for Imasco

IMASCO, tobacco and food products company controlled by BAT of the UK, earned C$16.1m (U.S.$13.5m) in the third quarter ended December 31, equal to C$1.62 a share against C$14.6m or C$1.50 a year earlier. Nine months' earnings were C$42.1m or C$4.23 a share, against C$32.4m or C$3.32. Tobacco products prices have been increased and this is expected to help recover cost increases

EuroPartners achieves breakthrough on NYSE

BY JOHN EVANS

AN APPLICATION by Euro-Partners Securities Corporation, the foreign-owned U.S. investment banking firm, for membership on the New York Stock Exchange has just been approved.

This marks the first time that the NYSE has allowed a U.S. securities firm owned by European banks to become a member of the big board.

EuroPartners, founded in New York in 1968, is active in securities brokerage, investment banking and investment management. Shareholders are Commerzbank, Credit Lyonnais, Banco di Roma, Bank Leu in Switzerland and Nordic Bank in London.

The firm is already a member of the National Association of Securities Dealers, and the Midwest and Philadelphia Stock Exchanges.

The first securities and investment banking companies owned by foreign banks were established in the U.S. in the 1960s. As they were unable to become members of the NYSE, they turned to the regional exchanges, such as Philadelphia and Midwest, as well as the Boston and Pacific exchanges.

In 1975, the U.S. Congress passed the Securities Reform Act which included the ruling that U.S. securities exchanges must accept as members any qualified U.S. broker or dealer firm, including companies owned and controlled by foreign organisations.

"The action of the NYSE in approving, for the first time, the membership application of a foreign-owned securities firm is the first practical outcome of this act," EuroPartners stated in London said.

The approval also means that the European banks which have established a direct presence in the U.S. markets as a natural extension of their European activities "will in future be able to compete on an equal basis with American firms," EuroPartners added.

First Bancshares gain

FINANCIAL TIMES REPORTER

FIRST INTERNATIONAL Bancshares, the London-based merchant bank, reports that net income rose 12.6 per cent to £1.012m ($500,000) in 1978. The company is a subsidiary of First International Bancshares of Dallas.

Pre-tax income as a percentage of year-end total assets increased to 1.62 per cent last year compared with 1.44 per cent in 1977.

Fee earnings on Eurocurrency syndicated loans increased by 7.6 per cent, despite intense competition, the bank said.

Last year, the bank acted as a lead manager for 37 Eurocurrency loans totalling $141m.

EUROBONDS

PepsiCo increased to $100m.

BY OUR EUROMARKETS STAFF

AS THE Eurodollar bond secondary market wavered in uncertainty about interest rates, PepsiCo Capital Corporation decided to transform its $50m private placement into a $100m bond guaranteed by the U.S. parent.

The terms of this issue are to remain the same as those originally negotiated with the lead manager, UBS (Securities) —a 9¼ per cent coupon for five years, and a final issue price of par.

GTE Finance NV, the Netherlands Antilles subsidiary of General Telephone and Electronics, is arranging a $50m bullet bond due 1984 with an indicated coupon of 9¼ per cent and a price of par through Bank of America International.

The secondary market was about one eighth off yesterday in very slow trading. There were no sellers around, but buying was very selective, as dealers and investors tried to determine which way U.S. interest rates and the dollar are really moving. The six month Libor rate edged up by ⅛ today. Those buying selectively appear to include a number of institutions but not the Swiss banks, he they the big three or the smaller private ones, are not conspicuous.

The coupon on the $75m 15-year bond for New Brunswick Electric Power Corporation was cut by 1 per cent to 9¼ per cent.

The Bank of Tokyo is to float a DM 50m seven-year bond for ward private placement with an indicated coupon of 5Z per cent and a price of 99½ through Deutsche Bank. The bond is callable at the borrower's request from 1984.

Postipankki Bank of Finland is understood to have sold DM 20m worth of six years notes carrying a coupon of 6½ per cent.

Prices in the Deutsche-Mark sector were steady yesterday in thin trading.

The next Luxembourg Franc denominated bond for a foreign borrower is expected to be announced soon by Kredietbank Luxembourgeoise. The amount is expected to be LuxFr 500m but the name of the borrower is as yet undisclosed.

RESULTS IN BRIEF

Wrigley produces record profit

NEW YORK — Wrigley, one of the world's leading producers of chewing gum, turned in a record result last year, with earnings of $31.5m, or $8 per share.

This compares with the 1977 figure of $29.31m, equivalent to $7.45 a share, and tops the previous earnings record of $7.82 per share achieved in 1976. Sales last year increased by nearly 12 per cent to $445m, and Wrigley said that over half of the consolidated revenue gains had come from international markets.

One of the companies within the AT and T orbit, Pacific Telephone and Telegraph, suffered a drop in its 1978 earnings to $311.05m — $1.85 a share — from $322.91m, or $1.92, on revenues up to $4.5bn from $4.01bn.

The figures have been restated to include the potential impact of the tax liability which could result from the Californian Public Utilities Commission order requiring revenue refunds and rate cuts.

Two companies reporting yearly earnings declines were fabrics concern Cone Mills, down to $6.22 a share from $8.77, and Interlake Steel, where the 1977 level of $3.17 dropped sharply to $1.77.

Railway operator Missouri Pacific experienced a 1978 earnings improvement to $9.13 from $8.51, while New York State Electric and Gas rose to $2.46 per share from $2.21. At U.S. Trust, last year's net income per share was $3.36 against $3; U.S. Fidelity and Trust, the insurance group, jumped from $5.85 to $7.75 a share.

In Canada, Hudson's Bay Oil and Gas, which recently won the battle for control of the Simpsons store chain, turned in a higher earnings figure for 1978, C$5.61 comparing with C$5.22.

Building materials company Flintkote saw its 1978 earnings soar from $3.08 per share to $5.31. New England Telephone and Telegraph lifted its per-share figure during the year to $4.39 from $4.10, while insurance broker Fred S. James moved up to $2.16 from $1.78.

Agencies

VW IN BRAZIL

A perfect outlet for excess capital

BY RIK TURNER IN SAO PAULO

WITH THE acquisition by Volkswagen of two-thirds of the shares of Chrysler do Brasil, the weakest of Brazil's big car manufacturers came under the control of the strongest, and the latter made its first move in its plan to enter the lucrative lorry market. VW already has 50 per cent of the Brazilian car market and until now has left lorry production to its competitors. But last week the German head company concluded a deal whereby it paid £35m for a 67 per cent participation in the Chrysler Corporation's ailing Brazilian subsidiary. Chrysler's experience in Brazil has not been a happy one. Its failure to respond to the trends towards smaller cars and diesel trucks has been reflected in poor sales and increasing losses over the past few years.

In 1978 the company suffered a 16.5 per cent drop in sales, its share of the market going down from 3.5 per cent in 1977 to a mere 1.8 per cent by October last year. The head company was thus faced with the alternative of either a large injection of capital to finance the development of new models or an association with a large, well-established group. Given the Chrysler Corporation's financial situation and its need to invest some $7m in its successful markets, the U.S. and Mexico, the latter was inevitable.

At the same time, Volkswagen in Germany had an excess of capital for investment. Its Brazilian subsidiary, Volkswagen do Brasil, is running efficiently enough not to need any further injection of capital from the head company, and in any case the Brazilian car market is not expected to expand more than 2-3 per cent this year. Thus the time was right to think of alternative strategies, and the Chrysler deal was a perfect outlet.

No changes

In a statement to the Press last week, Chrysler do Brazil's president, Donald W. Dancey said that no changes will be made in the company's existing production, and that VW's participation in the "association" was in the nature of a contribution of capital and technology.

At the moment, Chrysler produces large cars and petrol-driven lorries, which have also been adapted to carry Perkins diesel engines. However, both these lines are poor sellers in Brazil, and while Chrysler's lorries are adaptable to carry Perkins diesel engines, they do not inspire the same confidence with buyers as those designed and built as diesel lorries by firms such as Mercedes Benz.

It seems inevitable that VW will eventually go over to diesel production at the Chrysler installations. The company has an agreement with another German firm, MAN, which produces diesel engines and lorries, and since MAN's technology will now be made available to VW's new acquisition in Brazil, this may further explain why it was the German parent company rather than the local subsidiary which bought Chrysler do Brasil.

But it was not only VW do Brasil that prospered in the last year: 1978 was a good year for the Brazilian car industry generally, with domestic sales for the year of 900,000 vehicles, an increase of 14 per cent on 1977. One company, General Motors, fared particularly well. The company raised its share of the domestic market from 17.8 per cent to 19 per cent, and increased production from 154,000 vehicles in 1977 to 196,000 last year.

Competition was intensified by the entry of a new manufacturer Fiat, which in its first full year of production was able to capture 9 per cent of sales in Brazil. Unlike other car firms, Fiat predicts a decrease in the domestic market for 1979, and thus has set about elaborating a long-term continental strategy, involving the manufacture in Brazil of vehicles with largely standardised, easily interchangeable parts. The export sector boomed in 1978, largely due to the Befiex programme, implemented in 1973, which created financial incentives for exporters. The sector which responded most readily was the car industry, and VW led the way.

The company will achieve its export target of $1bn before the time limit of 1983. Exports in 1978 totalled $245.9m, some 66 per cent of the industry's total exports. Similarly, Ford's executive vice-president, Donald Peterson, announced recently that Ford Brasil will expand its production capacity by 24 per cent this year, mainly in answer to the Befiex programme, under which it undertook to export to the value of $1bn by 1982, but also in an attempt to win a greater share of the domestic market with the Corcel II.

Ominous sign

It remains to be seen how the car industry, and particularly its exports, will be viewed by the new government of General Joad Baptista Figueiredo, coming into office in mid-March.

One ominous sign was in the "mini-reform" announced by the present government last week. An attempt to reduce or at least slow down Brazil's rapidly growing foreign debt, one of its measures is to reduce various tax incentives for exports, of which the car industry was one of the prime beneficiaries.

AMERICAN QUARTERLIES

AVON PRODUCTS	1978	1977
Fourth quarter	$	$
Revenue	721.4m	598.5m
Net profits	100.88m	88.24m
Net per share	1.73	1.52
Year		
Revenue	2.01bn	1.66bn
Net profits	227.84m	191.49m
Net per share	3.82	3.30

DOMTAR INCORPORATED	1978	1977
Fourth quarter	$	$
Revenue	344m	273.2m
Net profits	22.3m	8.4m
Net per share	1.48	0.64
Revenue	1.24bn	1.01bn
Net profits	63.3m	26.8m
Net per share	4.23	1.78

DU PONT OF CANADA	1978	1977
Fourth quarter	$	$
Revenue	185m	138m
Net profits	1.9m	1.1m
Net per share	0.24	0.12
Year		
Revenue	662m	534m
Net profits	10.2m	7.6m
Net per share	1.28	0.94

FIRST CHARTER FINANCIAL	1978	1977
Fourth quarter	$	$
Revenue	—	—
Net profits	26.96m	26.77m
Net per share	0.91	0.90
Year		
Revenue	—	—
Net profits	105.3m	96.8m
Net per share	3.55	3.27

KAISER STEEL	1978	1977
Fourth quarter	$	$
Revenue	165.0m	138.9m
Net profits	11.99m	†7.25m
Net per share	1.72	†1.04
Year		
Revenue	712.0m	658.3m
Net profits	12.25m	3.59m
Net per share	1.75	0.51
†Loss		

PANHANDLE EASTERN PIPELINE	1978	1977
Fourth quarter	$	$
Revenue	411m	318m
Net profits	39m	29m
Net per share	2.14	1.83
Year		
Revenue	1.41bn	1.20bn
Net profits	122m	106m
Net per share	6.71	6.06

ST. PAUL COMPANIES	1978	1977
Fourth quarter	$	$
Revenue	439.5m	346.0m
Net profits	44.54m	35.22m
Net per share	2.12	1.68
Year		
Revenue	1.62bn	1.42bn
Net profits	162.95m	134.27m
Net per share	7.77	6.40

SCHERING-PLOUGH	1978	1977
Fourth quarter	$	$
Revenue	272.3m	233.2m
Net profits	37.14m	31.97m
Net per share	0.70	0.59
Year		
Revenue	1.08bn	940.9m
Net profits	193.83m	166.65m
Net per share	3.62	3.08

SQUIBB CORPORATION	1978	1977
Fourth quarter	$	$
Revenue	422.8m	362.8m
Net profits	36.6m	35.5m
Net per share	0.81	0.79
Year		
Revenue	1.5bn	1.3bn
Net profits	117.3m	112.5m
Net per share	2.60	2.50

YELLOW FREIGHT SYSTEM	1978	1977
Fourth quarter	$	$
Revenue	202.87m	174.63m
Net profits	10.29m	10.37m
Net per share	0.72	0.72
Year		
Revenue	780.79m	647.87m
Net profits	38.03m	37.63m
Net per share	2.73	2.83

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on February 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	95⅛	95⅝	+0⅛	+0⅛	10.02
Australia 8.45 83	175	96⅛	96⅝	−0½	−0⅛	9.71
Australia 9¼ 93	75	97⅜	97⅞	−0⅛	−0⅛	9.65
Beatrice Foods 7⅞ 83	100	94⅞	95⅜	−0⅛	−0⅛	9.17
CECA 8¾ 87	50	94⅛	94⅝	0	0	9.75
CECA 9¾ 84-99	50	96⅞	97⅜	+0⅛	+0⅛	9.88
CNT 9 93	75	95	95⅞	0	0	9.61
Canada 9 83	400	98⅝	99⅛	−0⅛	+0⅛	9.51
Canada 9¼ 98	250	98½	99	−0⅛	+0⅛	9.61
Canadair 8½ 83	70	95	95½	−0⅛	−0⅛	9.86
Dominion Bridge 9 88	25	95⅝	96⅛	+0⅛	+0⅛	9.77
EIB 9¼ 98	125	95⅞	96⅜	−0⅛	+0⅛	9.78
Eksportfinans 9 88	50	95⅝	96⅛	0	+0⅛	9.75
Finland 8¾ 93	100	97	97⅝	−0⅛	+0⅛	9.78
Finland 9 88	100	96	96½	−0⅛	+0⅛	9.83
Hospital O/S 9 93	25	97½	98	+0⅛	−0⅛	9.60
Ital Finance 9¾ 90	90	94⅞	95⅜	0	+0⅛	10.48
J. C. Penney 8½ 83	100	96⅝	97⅛	0	−0½	9.32
NZ Dev. Fin. 8¾ 83	20	94⅛	95⅛	0	−0⅛	9.56
NZ Dev. Fin. 8¾ 86	20	94⅛	94⅝	−0⅛	−0⅛	9.68
Nat. West. 9 86	75	98⅛	98⅝	0	+0⅛	9.30
Newfoundland 9¾ 90	50	97⅞	98⅜	+0⅛	+0⅛	9.51
Nord Inv. Bk. 8¾ 88	25	95⅛	95⅝	−0⅛	−0⅛	9.47
Norges Komm. 9¼ 85	75	95⅞	96⅜	−0⅛	+0⅛	9.80
Norsk Hydro 9¼ 84	50	96⅜	96⅞	+0⅛	0	9.88
Norway 7⅞ 83	250	93⅜	93⅞	−0⅛	−0⅛	9.76
Norway 8¾ 83	150	97½	97⅞	−0½	−0⅛	9.71
Norway 9¾ 84	150	100½	101	+0⅛	0	9.78
Occidental 8⅞ 85	75	93	93½	0	−0⅛	10.36
Ont. Hydro 8½ 85	125	94⅝	95⅛	0	−0⅛	9.60
Quebec Hydro 9½ 93	50	98½	99	+0⅛	+0⅛	9.55
Sweden 9¾ 98	125	97⅛	97⅝	−0⅛	+0⅛	9.78
UK 8½ 85	200	95⅝	96⅛	−0⅛	+0⅛	9.60
UK 8⅞ 93	150	95⅝	96⅛	−0⅛	0	9.61

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95½	96	+0⅛	+0⅛	7.11
Australia 6 88	250	99⅝	100	0	−0⅛	6.01
Austria 5½ 90	150	92⅞	93⅜	0	−0⅛	6.61
Bankamerica 5¾ 90	150	†98⅜	98⅞	+0⅛	+0⅛	6.87
Bq. Ext. Algerie 7¾ 85	100	96⅝	97⅛	0	+0⅛	7.83
Brazil 7¼ 87	100	100⅛	100⅝	+0⅛	+0⅛	7.18
CECA 6 88	150	†96⅝	97⅛	+0⅛	+0⅛	6.42
Canada 4¾ 83	150	97⅞	98⅜	−0⅛	−0⅛	5.27
Ch. Manhttn. O/S 5 93	600	100	100½	0	−0⅛	6.97
Commerzbank WW 3½	100	100⅞	101⅜	+0⅛	+0⅛	3.34
Commerzbank XW 3½	100	81⅝	82½	−0⅛	−0⅛	6.04
Copenhagen City 6 90	100	92½	93	0	−0⅞	6.92
Council of Europe 6¼	75	97⅝	98⅛	0	+0⅛	6.41
Council of Europe 6¾	100	98⅜	99½	0	+0⅛	6.40
EIB 6 90	130	†95⅛	95⅝	+0⅛	+0⅛	6.56
EIB 6¾ 81	300	96⅛	96½	−0⅛	−0⅛	6.96
Finland 6 83	200	99⅝	100⅛	+0⅛	+0⅛	6.06
Hitachi Ship 5¾ 93	150	98⅞	100⅛	0	−0⅛	5.72
IBJ 5 84	50	97⅛	98⅛	0	+0⅛	5.47
Indonesia 7 84	100	97½	98	+0⅛	+0⅛	7.49
Kobe, City of 5¾ 86	100	101	101½	0	0	5.53
Norges Komm. 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Petro. 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Steel 5¾ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norwegn. Ind. Bk. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Occidental 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petroleo Brazil 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PK Banken 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UBA Group 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bank Finn. 6¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Venezuela 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6¾ 88	400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Exp. Int. 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arlberg Tunnel 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark-Mortgage 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Smidth 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Chicago 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti-Liechenst. 4¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NewsB 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norwegian Mt. As. 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Nokia 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Safe 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sess 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Kraft 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4¼ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 5.6 83	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6¾ 88	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 6.4 90	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6.3 90	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 83	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 5.7 83	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 6.3 88	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	95½	97½	0	+0⅛	12.53
Auto Cote 8.7 93 EUA	16	91⅞	92⅞	0	−1⅛	7.90
Copenhagen 7 93 EUA	30	93⅛	93⅞	0	−0⅛	7.78
Komm. Inst. 7½ 93 EUA	15	96⅝	97⅛	0	−0⅛	7.81
Panama 8¼ 93 EUA	20	95	98	0	−0½	8.80
SDR France 7 93 EUA	22	92⅞	93⅞	−0⅛	−2	7.77
Algemene Bk. 6¾ 83 Fl	75	94⅛	95	+0⅛	−0⅛	7.76
Brazil 7½ 83 Fl	75	94⅛	95	−0⅛	−0⅛	9.01
CFE Mexico 7¼ 93 Fl	75	97⅛	97⅞	0	0	8.42
EIB 7¼ 85 Fl	75	95⅛	96⅛	0	−0⅛	8.09
Neder. Midd. 6½ 83 Fl	75	94	94¾	+0⅛	−0⅛	8.07
New Zealand 6¾ 84 Fl	75	94⅛	95⅛	0	−0½	7.97
Norway 6½ 83 Fl	100	93⅛	94⅛	0	−0⅛	8.28
OKB 6½ 85 Fl	75	90⅛	90⅞	−0⅛	−1⅛	8.50
Elf Aquitaine 9¾ 88 FFr	150	99⅞	100⅛	+0⅛	+0⅛	9.72
EIB 9¾ 88 FFr	200	100⅛	100⅝	+0⅛	+0⅛	9.67
Unilever 10 85 FFr	100	100⅛	102⅛	−0⅛	−0⅛	9.62
BAT 8 88 LuxFr	250	97	97⅛	−0⅛	0	8.40
Bayer Lux. 8 88 LuxFr	250	97⅛	98⅛	0	+0½	8.40
EIB 7¾ 88 LuxFr	250	96⅛	96⅞	0	0	8.29
Finland I. F. 8 88 LuxFr	250	96⅞	97⅛	0	0	8.42
Norway 7¾ 83 LuxFr	250	97⅛	97⅞	0	0	8.42
Norges Km. 8 86 LuxFr	500	99⅛	100⅛	0	+0⅛	8.04
Renault 7¾ 88 LuxFr	500	97	97⅝	0	−0⅛	8.15
Solvay Fin. 8 85 LuxFr	500	100⅛	101⅛	0	0	7.79
Swedish Bk. 8 88 LuxFr	500	99⅛	100	0	0	8.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0⅛	99⅛	100	20/4	10⅝	10.65
Arab Intl. Bk. M8.6 83	0⅛	96	96½	31/1	9⅛	9.74
BFG Fin. Co. M5.6 89	0⅛	98½	99	12/7	12.4	12.56
Bco. El Salvador M8 83	1⅛	97⅞	98⅛	12/4	11.31	11.53
Bco. Nac. Argnt. M8 83	0⅛	99⅛	99⅝	21/7	12⅛	12.33
Bank Handlowy M8 88	1⅛	97⅛	97⅝	25/11	12.94	13.27
Bank of Tokyo M5½ 03	0⅛	96⅞	97⅜	18/4	10⅛	10.81
Banque Worms M5¼ 85	0⅛	98⅛	98⅝	15/0	12	12.20
Bq. E. d'Alg. M8.375 84	0⅛	96⅝	97⅛	8/2	9⅛	9.82
Bq. E. d'Alg. M7.5 85	0⅛	95½	96⅞	2/5	12⅛	13.35
Bq. Indo et Suez M5½	0⅛	98⅝	99⅛	25/7	12	12.14
Bq. I. Afr. Occ. M6.5 83	0⅛	97⅛	97⅞	12/7	12.4	12.70
CCCE M5.25 98	0⅛	97⅛	97⅞	9/2	9.19	9.41
Ch. Man. O/S M5¼ 83	0⅛	97⅛	98⅛	27/7	11.73	11.98
Credit National M5¼ 88	0⅛	98	98⅝	11/7	12.31	12.53
Gotabanken M8 88	0⅛	98⅜	98⅞	10/5	12.31	12.48
Ind. Bk. Japan M5½ 85	0⅛	99½	100⅛	1/8	12.35	12.37
Ljubljansko M7.75 85	1	96⅝	97⅛	18/7	12.94	13.34
LTCB Japan M5¼ 85	0⅛	99⅛	99⅝	5/5	12.06	12.14
Midland Ind. M5½ 93	0⅛	99⅛	99⅝	20/7	12⅛	12.45
Nat. West. M5½ 90	0⅛	98⅝	99⅛	21/8	12½	12.64
Nipp. Crdt. Bk. M5.5 85	0⅛	99⅝	100⅛	22/6	12.81	12.81
OKB M5¼ 88	0⅛	100⅛	100⅝	18/4	10.56	10.52
Offshore Mining 88	0⅛	98⅞	99⅛	19/7	12.19	12.30
Petro Mexicano 7¼ 84	0⅛	98½	99⅛	24/7	12.06	12.20
Privredna Banka M8 88	0⅞	96⅛	96⅝	22/6	13.44	13.98
Standard Chrt. M5.5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sundsvallsbanken M6 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Overseas Bk. M6 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baker Int. Fin. 5¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots 6½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola Bottling 6¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ito-Yokado 5¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Novo Industry 7 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Air. 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn Int. Fin. 7 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tyco Int. Fin. 8 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tyco Int. Fin. 5 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical 3¼ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Casio Cp. 3¾ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Izumiya 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jusco 3¾ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku 3½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marudai Food 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata M. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Air. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissan Diesel 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissei Sangyo 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Olymp. Opt. 3¼ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Elec. 3½ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shora Co. 3¼ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stanley Elec. 3½ DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Elec. 3½ 87 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trio-Kenwd. 3¼ 86 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

MOTOR INDUSTRY NEWS

Advance at PSA Peugeot-Citroen and sharp increase in turnover

BY TERRY DODSWORTH IN PARIS

PSA PEUGEOT-Citroen, the holding company for France's largest vehicle manufacturing group achieved a 16.5 per cent increase in profit last year to Frs 225m ($52m).

Turnover rose by 13.5 per cent compared with 1977 to reach Frs 47.5bn.

These provisional figures issued by PSA yesterday underline the continuing growth of the group which has provided the springboard for its ambitious take-over this year of Chrysler Corporation's European operations.

If the Chrysler turnover were taken into account, the groups total sales last year would have been in the region of Frs 66bn, PSA said last night.

The automobile division of the group, which provides by far the largest part of PSA's activities, increased its production last year by 6.2 per cent from 1,568,000 units to 1,665,000.

Total output including kits for overseas assembly, went up by almost 5 per cent from 1,612,000 to 1,692,000.

* * *

ASHOK LEYLAND, the Indian commercial vehicles group, is to have a rights issue which will reduce British Leyland's shareholding from 60 to 51 per cent because the UK concern will not take up its rights.

At the same time BL has agreed that Ashok's output can be increased from 10,000 to 12,500 medium-weight trucks plus 1,000 heavy vehicles.

Mr. R. J. Shahaney, managing director, said the rights issue will enable the company to undertake a modernisation programme and to build up capacity to 15,000 vehicles a year.

He reported that Ashok's profits were a record Rs 53.7m (about $6.6m) after taxes in 1977 and for the first ten months of 1978 were estimated at Rs 55.7m.

Sales in 1978 reached a record 10,947 vehicles while 1,357 industrial and marine engines were sold.

The modernisation programme will involve the introduction of a more powerful engine, stronger axles and a more modern gearbox to the trucks produced.

Growth year for Belgian oil group

By Giles Merritt in Brussels

PETROFINA, the major Belgian-based oil group, reports an increase of 7.6 per cent in its consolidated profits for 1978, which have risen from the previous year's level of BFr 5.60bn to BFr 6.04bn ($206m).

The company is to propose an increase in its dividend at its May 11 annual general meeting, and will raise the net dividend to BFr 190 per share from BFr 180 the year before. The move follows last year's dividend increase from the 1976 level of BFr 174, even though in 1977 Petrofina's consolidated earnings had dropped 16.5 per cent.

The group's improved profits picture, it is said, resulted largely from a strong boost to its fourth quarter earnings when oil prices rose markedly in the last two months of the year.

Petrofina has revealed that production of oil and gas from the Ekofisk fields in the North Sea, in which it has a 30 per cent stake, rose to 16.7m tonnes of oil and 9.2bn cubic metres of gas, from 13.5m tonnes and 1.6bn cubic metres respectively last year.

The group noted, however, that its level of oil production fell below original projections, owing to delayed operations in the Eldfisk, Albuskjell and Edda fields.

Elf-Aquitaine earnings fall

BY OUR PARIS STAFF

ELF-AQUITAINE, the French state-owned oil group, experienced a sharp drop in profits last year despite a 25 per cent increase in cash flow as its investment in oil and gas production began to pay off.

Provisional figures for 1978 show turnover growing to FFr 41.5bn ($9.7bn) from FFr 38bn in 1977, while net consolidated profits are expected to fall to between FFr 1.2bn ($2.79m) and FFr 1.4bn compared with FFr 1.7bn in the previous year.

Cash flow, however, should be about FFr 6.4bn compared with FFr 5.1bn, and is expected to show another healthy increase this year to FFr 7bn. Profits, Mr. Albin Chalandon, chairman of the group says, should also increase considerably this year to between FFr 2.4bn and FFr 2.6bn.

M. Chalandon said that Elf-Aquitaine's oil exploration investment had risen 35 per cent in 1978 to FFr 2.1bn, leading to the discovery of about 200m tonnes of recoverable oil reserves.

M. Chalandon gave every impression that the group was now resigned to shouldering the problems of its refinery division without any further State assistance. Last year there was open disagreement between the company and the Government on this issue, but, after reorganisation, refinery losses have been reduced from FFr 1.2bn to FFr 880m. The aim is to put the division back in profit by 1982.

Mounting losses at Le Nickel, the New Caledonian mining company, in which it has a joint 50 per cent stake with Imetal, are more worrying for the group. The Imetal loss reached FFr 600m, said M. Chalandon. He said that its problems could not be solved by Elf alone.

By contrast, the pharmaceuticals division, an area in which Elf has been showing increasing interest, doubled its profits to FFr 100m while creating 850 jobs. Further diversifications are expected this year, including the creation of a company for technological innovation.

M. Chalandon described the overall financial position of the group as "favourable," but said that its funds were still insufficient for the objectives it had been set.

French domestic airline expects fresh gains

BY DAVID WHITE IN PARIS

AIR FRANCE'S domestic sister airline Air Inter improved its profit last year despite the heavy cost of the air traffic controllers' repeated work-to-rules during the peak summer period.

Chairman Robert Vergnaud said net earnings rose to FFr 33.5m ($7.9m) from FFr 20.5m in 1977. He expected a similar profit performance this year.

Air Inter's results reinforce the improvement in France's air transport sector following Air France's success in making its financial situation more secure. Air France is a major shareholder in the state-sector domestic airline, splitting half the capital with the SNCF railway authority.

Air Inter increased turnover to FFr 1.93bn last year from FFr 1.63bn. The number of passengers transported rose nearly 10 per cent to 5.9m, placing the airline at number 25 on world listings. M. Vergnaud said it was hoped to carry 6.25m this year, an increase of 6.6 per cent.

The volume of freight, international and domestic, rose by 8 per cent to just over 27,000 tonnes.

M. Vergnaud said the company's strategy would be to build up a larger range of clients and introduce cheaper fares. The company had already achieved its aims of financial autonomy, a return to satisfactory profit margins and modernisation of its fleet of aircraft.

Modest rise in profit by Swiss engineer

By Our Financial Staff

MODESTLY higher profits and an unchanged dividend were forecast yesterday by Oerlikon-Buehrle, the major Swiss industrial company.

Last June the company expected net profits for 1978 to rise by between 5 per cent and 10 per cent from the SwFr 205m ($123m) achieved for 1977. However, currency fluctuations have deflected Oerlikon-Buehrle from its growth targets with the group having to accept "considerable losses" on the translation of foreign profits into Swiss francs.

Turning to the current year, the company points out that orders on hand at the end of 1978 were satisfactory. It views the outlook for profits in a "much more positive way."

Consolidated turnover, including Bally Shoe for the first time in 1978, reached about the previous years level of SwFr 3.4bn. Among factors deflating profits, the company lists price concessions on deliveries from Switzerland, particularly on products for short-term delivery and delays for military products, mainly due to technical reasons.

There was a "slowing" of incoming orders in the second half of 1978, mainly reflecting the unfavourable currency conditions. Group capital spending last year is expected to have increased to over Sw.Fr. 250m from Sw.Fr. 200m in 1977.

Although business prospects for 1979 are still uncertain the group, apart from a few exceptions, should be able to maintain a good capacity utilisation in its factories.

Siemens to pay same dividend

By Adrian Dicks in Bonn

SIEMENS PROPOSES an unchanged dividend of DM8 per share for the year ended September 30. Domestic shareholders entitled to the tax credit should receive a total of DM12.50.

The dividend proposal is closely in line with what Siemens has been predicting since last July. Distributed profit is up by DM 5m to DM 262m, while the allocation to group world-wide reserves is up from DM 351m to DM 412m.

Siemens is due to report next week on the first four months of the new business year, as well as give final figures for 1977-78.

Meanwhile, the company's shares lost ground on West German stock exchanges yesterday on the strength of unconfirmed adverse rumours about the long-term Brazilian nuclear power contracts of its subsidiary, Kraftwerk-Union.

Kraftwerk is already likely to prove one of the major sufferers from unrest in Iran.

Two deals for Tandberg

BY FAY GJESTER IN OSLO

THE RECEIVERS of Tandberg, the Norwegian electronics company declared bankrupt recently, have concluded short-term agreements with two companies interested in maintaining output of some of Tandberg's product lines.

Siemens of Germany has undertaken to continue production of Tandberg's data equipment, during February, in the first instance. If the Government agrees, it will take a 40 per cent stake in a new company which will produce this equipment. It will operate the company and supply the necessary operating capital.

The assumption is that the Norwegian State, holding the other 60 per cent, would be a sleeping partner. Siemens would also guarantee to place orders with the new company worth at least NKr 60m ($11.76m) annually.

In a second deal, the recently formed interim company Tandberg Industrier has rented from the receivers some of the bankrupt company's production facilities, where it will continue to make Tandberg language laboratories, tape-recorders and certain types of stero equipment. The rental runs until July 1.

The receivers stress that the two deals give the companies concerned no claim to preferential treatment in any subsequent sale of plant and equipment.

KLM slips into loss for third quarter

By Charles Batchelor in Amsterdam

The FOREIGN exchange weakness of the dollar and bad weather conditions which forced the cancellation of flights helped push KLM Royal Dutch Airlines into the red in the third quarter of this year. The company saw its load factor fall slightly in the three months.

KLM had a net loss of Fl 9.8m ($4.8m) in the quarter ended December 31, compared with a profit of Fl 25.1m a year before. There was no income from the sale of aircraft compared with Fl 1.5m in 1977-78.

At the operating level the company made a loss of Fl 12.7m against a profit of Fl 29.8m. Operating revenues rose 3 per cent to Fl 687.6m ($340m) while costs rose 10 per cent to Fl 700.3m.

Traffic rose 1 per cent for the quarter, while production rose 2 per cent.

Incidental factors had a negative impact on the result, unlike the third quarter of the previous year when the effect was favourable. The decline in the value of the dollar and of related currencies cost the company Fl 13.5m on current assets and short-term debt, compared with a net benefit of Fl 1m the year before. Cancelled flights due to bad weather cost Fl 6m.

KLM made a loss of Fl 3.46 per share compared with a profit of Fl 7.08 in 1977-78 when there was 0.8m less shares in issue.

As a result of the poor third quarter performance, net profit fell 23 per cent to Fl in the first nine months fell 17 per cent to Fl 143.2m on revenues 4 per cent higher at Fl 2.21bn. Operating profit fell 23 per cent to Fl 148.4m.

Interest charges fell to one third of the previous year's level at Fl 8.3m to give a 16 per cent decline in profit after interest to Fl 140.1m. Profit per share was Fl 23.67 compared with Fl 31.94.

Sugar group to resume payouts

PARIS — Sugar and paper group, Beghin-Say expects to resume dividend payments for 1978 after a gap of four years. The 1978 accounts have not yet been finalised, and the company gave no details of expected profits. In 1977 the company made a loss of FFr 127.3m ($29.6m). Its last dividend, in 1974, was for a total FFr 11.025 per share. Reuter

Harbour Engineering sees 1979 upturn after losses

BY ANTHONY ROWLEY IN HONG KONG

HARBOUR ENGINEERING, a quoted subsidiary of the Hutchison Whampoa group, doubled its losses last year to HK$12.3m (U.S.$2.6m) from HK$6.2m, but expects no more than a marginal deficit in 1979.

The company, in which Hutchison owns 57 per cent of the shares, plans again to pay no dividend, and proposes to raise HK$16m through a one-for-one rights issue of 32.4m shares of 50 cents nominal at par, to be underwritten by Hutchison.

Last year's loss included a deficit of HK$9.75m arising from "the inability of Wing Shun Engineering Company to perform its contracts with the company which it had fully sub-contracted to Hongkong Malayan Drillers and Engineerings."

Harbour's accumulated losses have led to a deficit of HK$4.95m in shareholders' funds, but the company said it is now tendering for selected contracts at realistic margins in order to avoid the problems of past years which are still proving a burden.

The company admitted, however, that this policy would probably result in less initial success in winning new contracts.

Without the problems arising from the collapse of Hongkong Malayan Drillers, Harbour's results would have shown a considerable improvement over 1977, it said.

But all contracts which will involve the company in expected losses, including those placed with Wing Shun, will be completed by August this year and have been provided for, Harbour added.

Loan helps Iran project

TOKYO — The Mitsui industrial group has received Y8bn ($40m) from a banking syndicate to help complete a petrochemical complex in Iran.

This is the first instalment of a Y31.5bn ($157.5m) loan which the group is seeking from a 21-bank syndicate by March for the joint project at Bandar Shapur.

Because of the current political unrest Iran is unable to put up additional funds for the $3.25bn project, which is 85 per cent finished, Mitsui said.

The Japanese Government expressed fears last week that unrest in Iran might affect the project.

But Mitsui, whose subsidiaries are involved in the project with the Iran National Petrochemical Company, said it hopes to complete the complex on schedule next year, provided it can raise extra funds. Reuter

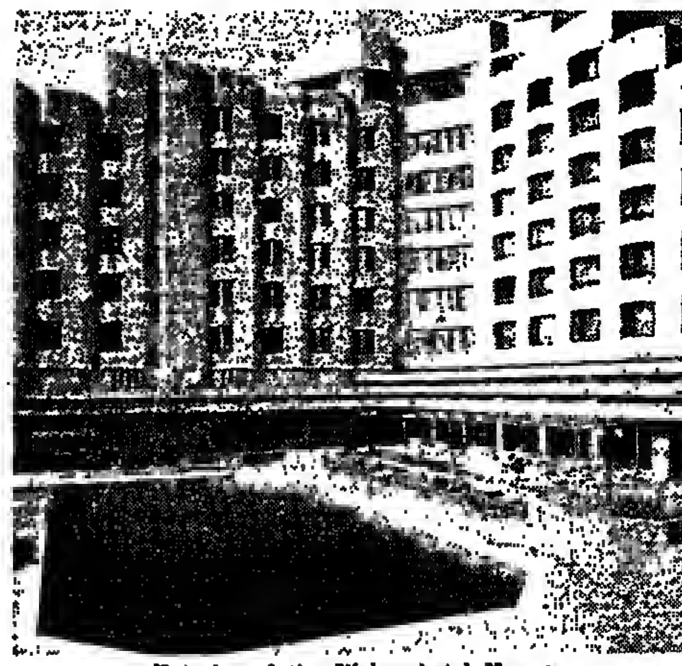
Sheraton in Indian hotel plan

BY ARTHUR SANDLES

SHERATON CORPORATION of the U.S. has signed a long-term deal with the India Tobacco Company, one of the country's largest corporations, for the running of a chain of hotels in India. Initially, this will involve three properties but the total could reach 20 within two years.

Although many international hotel groups are eager to involve themselves in India's tourist and business growth one of the difficulties has been negotiations over the remittance of profits to hard currency areas. Hoteliers have long argued that well-run hotels attract hard currency and exported profits are a minor price to pay for the gains.

Although no details of the financial arrangements in the ITC/Sheraton deal are available it does have the approval of the Indian Government, which is likely to be announced officially next week.



Exterior of the Welcomhotel Maurya.

For the moment, Sheraton will run the Maurya Sheraton in New Delhi, the Mughal Sheraton in Agra and the Chola Sheraton in Madras. It is understood that Sheraton will be much more closely involved in the day-to-day running of the hotels than it is in the Oberoi-Sheraton in Bombay.

By late 1980 the newly-formed alliance hopes to be running properties in Jaipur, Jodhpur, Udaipur, Bangalore, Varanasi (Benares), Goa and Calcutta. Some of these properties are maharajah's palaces which have been converted into hotels.

India Tobacco Company is an associate of BAT Industries and diversified into hotels in 1975 under the names of Welcom gotels and Indovilles.

Mr. Ajit Haksar, ITC's chairman, says that by going to Sheraton for hotel management "we are confident that our hotels will be better able to anticipate the exacting standards of today's international traveller while still maintaining their essential Indian charm and character."

Sheraton clearly can bring its enormous international marketing strength to bear on the ITC chain. Although not all the hotels in the new chain will carry the Sheraton name they will be offered through the Sheraton booking system.

PORTUGAL'S PETROCHEMICAL INDUSTRY

Recession threatens Sines project

BY JIMMY BURNS IN LISBON

THE FUTURE of a major Portuguese petrochemical project undertaken by the state-owned Companhia Nacional de Petroquimica (CNP) is in doubt because of a continuing economic recession and a harsher attitude towards credit by the new government of Sr. Carlos Mota Pinto.

CNP's difficulties, as well as those of many other companies, have been exacerbated by the recent admission by the government that credit to the public sector last year seriously breached the lending targets. This was followed by a subsequent pledge that the government would do all it could to make the private sector "the motor of the Portuguese economy."

This hardening of Government attitude towards the public sector in Portugal comes just a month before the country resumes its negotiations with the International Monetary Fund, where agreement on a further credit squeeze for at least another year is expected.

Against this background CNP is clearly struggling to justify completion of the most ambitious project in its four-and-a-half year history as a public company. This is the construction of a 10-unit petrochemical complex at Sines, Portugal's huge and controversial industrial complex in the south of Lisbon. The complex, along with other sectors at Sines, such as a deep water port and oil refinery, was conceived in the 1960s, before the oil price crisis.

Work was already under way when the first steep increases in oil prices took place. Since then, subsequent Portuguese governments have failed to stop or at least revise the original scheme.

The future of Sines is, however, now being carefully scrutinised by the new Government. In general, the Government has already accepted that construction is too advanced, and too much Government money has already been invested, for Sines simply to be closed down altogether.

Public sector lending targets last year were seriously broken and as a result Portugal's new government has been forced to tighten its credit policies severely. At the same time there has been a renewed pledge of government aid to the private sectors of industry.

The port is already completed, the oil refinery is in stream. The question now being asked is not whether Sines should or should not exist, but rather what is to be done with it in its present form.

For example, CNP's steam cracker, with a capacity to produce 3m tons of ethylene per year, is in an advanced stage of construction.

It is perhaps to CNP's credit that the petrochemical complex has got as far as it has. Despite overcapacity in Europe, the company has not only managed to secure loans from foreign banks, but has been able to draw foreign companies into joint venture participation at Sines.

Until now CNP's aggressive salesmanship has been based on a firm belief that a petrochemical industry can and should exist in Portugal, since it can only have a positive effect on the country's economy.

The premise for this is that Portugal is among the few European countries still to have growth potential in the consumption of plastics. The per capita consumption of plastics in Portugal is about 12 kilograms per inhabitant, slightly above the world average but well below most European averages.

In West Germany and Sweden, the average per capita consumption is between 50 and 80 kilograms.

The CNP hope is that plastics consumption will be maintained at its highest possible level and that the domestic market will be covered by import substitution.

Until the building at Sines, the petrochemical industry scattered throughout the country involved some 400 industrial units, 200 of which worked exclusively in plastics, and with a total employment of 12,500 workers.

With the exception of a small PVC unit, the industry has been dependent totally on imported raw materials, which have strained the country's weak balance of payments. Between 1973 and 1977 the value of these imports tripled to over Es 8bn.

Yet the latest position paper by Sr. Carlos Beumont, one of CNP's chief directors, predicts that a go-ahead at Sines would help the Portuguese petrochemical industry produce a positive balance of Es 100bn by 1990.

Such optimism looks good on paper, but the practical consequences of CNP's ambitions are generating considerable apprehension and some Portuguese bankers are now questioning the company's ability over the next few years to justify the projected total investment of Es 50bn in the Sines complex. Doubts remain whether CNP will be successful in finding outlets for its products. In addition, the outlook is for the industry to be depressed until at least the 1990s, by which time many other emerging countries may have developed their own petrochemical industries.

Finally, it is argued that the industry's import needs account for only 3 per cent of total imports, whereas foodstuffs account for 38 per cent. The implication is that the Government should be looking at ways of investing in agriculture rather than making further expenditures on the plant at Sines.

Companies and Markets

CURRENCIES, MONEY and GOLD

Confidence in dollar grows

A period of continued dollar strength is now looked for by the foreign exchange market, following the improved economic news coming out of the U.S. this week, and the easing of restrictions designed to keep foreign capital out of other major financial centres in recent weeks. The Iranian crisis, which may lead to mandatory oil conservation measures, according to Mr. James Schlesinger, U.S. Energy Secretary, and the statement from Mr. Michael Blumenthal, the Treasury Secretary, that the administration will continue to work towards a lower trade deficit, were particularly helpful to the dollar yesterday.

Several central banks, including the Bank of Japan, and possibly the German Bundesbank, intervened to support their currencies against the strong dollar, and the U.S. currency finished only slightly below its best levels of the day.

On Morgan Guaranty figures the dollar's depreciation narrowed to 7.5 per cent from 7.8 per cent, the best level since July last year.

The dollar touched a high point of DM 1.8870 against the D-mark, before closing at DM 1.8830, compared with DM 1.8720 previously. It rose to SwFr 1.7140 in terms of the Swiss franc, and closed at SwFr 1.7085, compared with SwFr 1.7010, and touched Y203.80 against the yen, before finishing at Y202.70, compared with Y202.30.

Sterling may have also received some small support from the Bank of England. It opened at $1.9835-1.9845, and touched $1.9875 in the morning. The lowest point touched was $1.9785 in the afternoon, and the pound closed at $1.9805-1.9815, a fall of 90 points on the day. Sterling's trade-weighted index, on Bank of England figures, fell to 63.4 from 63.5, and stood at 63.4 throughout.

NEW YORK—The dollar continued to gain ground on the statements made by the U.S. Treasury Secretary about dollar stability and the economy, and by the Energy Secretary on oil conservation, on Wednesday. There was no evidence of intervention by the Federal Reserve, but it was suggested that the German Bundesbank may have sold dollars earlier in the day.

PARIS—Apart from the statements on Wednesday by U.S. officials, the dollar was also helped by news that the U.S. merchandise trade deficit narrowed to $7.39bn in the fourth quarter of last year, from $7.86bn in the third quarter. The U.S. currency closed at FFr 4.3200, compared with FFr 4.2802½ on Wednesday, and other major currencies also tended to improve against the franc. Sterling finished at FFr 8.5640, compared with FFr 8.5300 previously.

FRANKFURT—The Bundesbank did not intervene when the dollar rose to DM 1.8759 against the D-mark, from DM 1.8616 on Wednesday. Confidence in the dollar increased on recent statements by the Treasury Secretary, and the Energy Secretary about the U.S. economy, and possible measures to limit oil consumption. Expectations of expanding economic links between the U.S. and China also helped the U.S. currency, while the cut in Chase Manhattan's prime rate was also seen as a positive factor, on hopes that an economic recession may be averted. In late trading the dollar continued to advance, rising to DM 1.8840.

AMSTERDAM — The dollar rose to Fl 2.3350 against the guilder in late trading, from a fixing level of Fl 2.0265, compared with Fl 2.0095 on Wednesday.

MILAN—The Italian Government crisis had little effect on the lira, with the currency gaining slightly against the D-mark and Swiss franc at yesterday's fixing. The D-mark eased to L450.45 from L451.56, and the Swiss franc also declined to L496.63. The dollar was much firmer however, rising to L845.30 from L840.95. Trading was light, with dollars officially traded totalling $12.3m.

TOKYO—The Bank of Japan intervened to support the yen, in the face of continued demand for the U.S. dollar, which gained ground for the fifth consecutive session. It finished at Y202.35, compared with Y201.42½ on Wednesday, helped by statements from U.S. officials about possible mandatory oil conservation measures due to the lack of Iranian oil, and about continuing efforts to reduce the U.S. trade deficit. Strong commercial demand for the settlement of imports at the beginning of the month also helped the dollar.

THE POUND SPOT / FORWARD AGAINST £

Feb. 1	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9785-1.9875	1.9805-1.9815	0.53-0.45c pm	2.91	1.55-1.45c pm	3.03
Canadian $	11¼	2.3740-2.3845	2.3790-2.3800	0.50-0.40c pm	2.27	1.60-1.50c pm	2.61
Guilder	6½	4.00½-4.04½	4.02¼-4.03¼	2¼-1¼c pm	6.21	6⅜-5⅜c pm	6.08
Belgian F	6	58.35-58.90	58.70-58.80	25-15c pm	4.09	95-75c pm	5.43
Danish K	8	10.27-10.35	10.31½-10.32½	[illegible]	0.30	[illegible]	0.27
D mark	3	3.70¾-3.74½	3.72½-3.73½	3¼-2¼pf pm	8.84	9¼-8¼pf pm	9.78
Port. Esc.	18	93.90-94.60	94.05-94.35	45-115c dis	-10.12	60-260c dis	-6.79
Span. Pes.	8	138.95-139.35	139.00-139.10	par-50c dis	-2.15	60-180c dis	-3.15
Lira	10½	1,674½-1,678½	1,676-1,677	[illegible]	-0.72	4-2 lire pm	0.72
Nrwgn. K.	7	10.20-10.25	10.22½-10.23½	6-4 ore pm	5.86	16-14 ore pm	5.86
French Fr.	9½	8.52-8.57	8.54½-8.55½	4-3c pm	4.81	12½-11½c pm	6.20
Swedish Kr	6½	8.71½-8.76½	8.73½-8.74½	3¼-1¼ ore pm	3.09	11½-9½ ore pm	4.81
Yen	3½	398-408	401-403	4.05-3.75y pm	11.64	11.25-10.85y pm	11.48
Austria Sch	3¾	27.15-27.40	27.30-27.35	20-10gro pm	5.50	58-48gro pm	7.76
Swiss Fr.	1	3.37-3.40½	3.38-3.39	3⅛-2⅞c pm	11.96	11½-10½c pm	13.44

Belgium rate is for convertible francs. Financial franc 59.65-59.75.

Six-month forward dollar 2.72-2.62c pm, 12-month 4.70-4.60c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9785-1.9875	1.9805-1.9815	0.53-0.43c pm	2.85	1.55-1.45c pm	3.03
Ireland	1.9785-1.9875	1.9805-1.9815	0.53-0.43c pm	2.85	1.55-1.45c pm	3.03
Canada†	83.25-83.31	83.27-83.30	0.05-0.03c dis	-0.57	0.12-0.09c dis	-0.50
Nethlnd.	2.0224-2.0320	2.0310-2.0330	0.50-0.40c pm	2.65	1.70-1.60c pm	3.24
Belgium	29.47½-29.66	29.49-29.51	5½-4½c pm	2.03	17-15½c pm	2.20
Denmark	5.1820-5.2150	5.2125-5.2150	0.75-1.25c dis	-2.30	2.50-3.00c dis	-2.11
W. Ger.	1.8615-1.8818	1.8615-1.8630	1.04-0.94pf pm	6.38	3.18-3.08pf pm	6.72
Portugal	47.40-47.75	47.60-47.75	27-37c dis	-8.05	90-115c dis	-6.92
Spain	70.08-70.16	70.09-70.14	22-32c dis	-4.62	83-93c dis	-5.02
Italy	845.15-846.50	845.75-846.50	1.50-2.50lire dis	-2.84	4-5lire dis	-2.13
Norway	5.1410-5.1675	5.1665-5.1675	1.25-0.75ore pm	2.32	2.90-2.40ore pm	2.05
France	4.2975-4.3250	4.3200-4.3250	1.15-1.00c pm	2.98	3.10-2.90c pm	2.78
Sweden	4.3920-4.4130	4.4120-4.4130	0.65-0.45ore pm	1.49	2.35-2.15ore pm	2.04
Japan	202.55-203.50	202.60-202.90	1.55-1.45y pm	8.88	4.15-4.00y pm	8.06
Austria	13.71½-13.80½	13.79½-13.80½	7.00-6.25gro pm	6.76	20-18gro pm	5.51
Switz.	1.7010-1.7100	1.7095-1.7100	1.40-1.30c pm	9.48	4.45-4.35c pm	10.30

† U.S. cents per Canadian $.

CURRENCY RATES

January 31	Special Drawing Rights	European Unit of Account
Sterling	0.644137	0.676681
U.S. dollar	1.28544	1.35126
Canadian dollar	1.54317	1.61023
Austrian schilling	17.5173	18.3866
Belgian franc	37.6834	39.5312
Danish krone	6.62194	5.94888
Deutsche Mark	2.39298	2.51132
Guilder	2.58309	2.70896
French franc	6.49461	6.76652
Lira	1061.05	1135.74
Yen	258.759	270.345
Norwegian krone	6.58988	6.89478
Peseta	88.8497	94.3468
Swedish krone	5.62033	5.90217
Swiss franc	2.17047	2.27846

CURRENCY MOVEMENTS

February 1	Bank of England Index	Morgan Guaranty changes %
Sterling	63.43	-40.7
U.S. dollar	85.25	- 7.5
Canadian dollar	78.61	-18.9
Austrian schilling	146.28	+19.4
Belgian franc	114.50	+13.1
Danish krone	118.90	+ 7.7
Deutsche Mark	149.46	+41.6
Swiss franc	192.45	+80.2
Guilder	124.52	+20.6
French franc	99.31	- 5.9
Lira	54.32	-49.1
Yen	142.77	+41.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100)

OTHER MARKETS

Feb. 1	£	$		£ Note Rates
Argentina Peso	2,072-2,112	1046-1066	Austria	27-28
Australia Dollar	1.7510-1.7580	0.8828-0.8851	Belgium	59.30-60.30
Brazil Cruzeiro	42.35-43.55	21.48-21.98	Denmark	10.25-10.35
Finland Markka	7.91-7.93	3.9970-3.9990	France	8.51-8.61
Greek Drachma	71.861-73.817	36.27-37.18	Germany	3.68-3.78
Hong Kong Dollar	9.41½-9.43¼	4.7575-4.7590	Italy	1,660-1,710
Iran Rial	152.20-162.20	75½-81½	Japan	400-410
Kuwait Dinar (KD)	0.539-0.549	0.2791-0.2771	Netherlands	3.98-4.08
Luxembourg Frc.	58.70-58.80	29.64-29.67	Norway	10.15-10.25
Malaysia Dollar	4.3825-4.3950	2.2075-2.2126	Portugal	90-99
New Zealand Dlr.	1.8835-1.8916	0.9483-0.9528	Spain	139.30-144.30
Saudi Arab. Riyal	6.60-6.70	3.3316-3.3821	Switzerland	3.35-3.45
Singapore Dollar	4.3038-4.3165	2.1700-2.1750	United States	1.9780-1.9880
Sth. African Rand	1.7122-1.7369	0.8643-0.8788	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.981	3.733	402.0	8.550	3.385	4.028	1677.	2.380	58.75
U.S. Dollar	0.505	1.	1.884	202.9	4.316	1.709	2.033	846.3	1.201	29.66
Deutsche mark	0.268	0.531	1.	107.7	2.291	0.907	1.079	449.2	0.638	15.74
Japanese Yen 1,000	2.488	4.928	9.285	1000.	21.27	8.420	10.02	4170.	6.919	146.1
French Franc 10	1.170	2.317	4.365	470.2	10.	3.959	4.711	1961.	2.783	68.71
Swiss Franc	0.295	0.585	1.103	118.8	2.526	1.	1.190	495.3	0.703	17.36
Dutch Guilder	0.248	0.469	0.927	99.81	2.123	0.840	1.	416.3	0.591	14.39
Italian Lira 1,000	0.596	1.129	2.226	239.9	5.100	2.019	2.402	1000.	1.419	35.04
Canadian Dollar	0.420	0.833	1.569	168.9	3.593	1.423	1.693	704.6	1.	24.69
Belgian Franc 100	1.702	3.379	6.353	684.3	14.55	5.769	6.855	2854.	4.050	100.

EURO-CURRENCY INTEREST RATES

Jan. 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11¾-12	10-10½	8¾-9¾	7¼-7½	par-⅛	3⅛-3⅜	6¼-6½	7-10	—	-½-1⅛
7 day's notice	11⅞-12⅛	10⅛-10⅜	8¾-9¾	7¼-7½	par-⅛	3⅛-3¼	6⅜-6⅞	11-12	10⅛-10¼	1¼-2⅛
Month	12⅛-12⅜	10⅛-10⅜	10¾-11⅛	7¼-7½	par-⅛	3½-3⅝	7⅜-7⅝	12-13	10⅛-10⅜	1⅞-2⅛
Three months	13¼-13⅜	10⅜-10⅝	10⅞-11⅛	7¼-7½	⅛-¼	3¾-3⅞	7⅞-8⅛	13-14	10½-10⅝	2⅞-3⅛
Six months	13¼-13⅜	10⅝-11⅛	11-11⅜	7¼-7½	¼-⅜	4⅛-4⅜	8½-8¾	13½-14½	10⅝-10⅞	3⅛-3½
One year	12⅞-13	10⅞-11⅛	11-11⅜	7⅜-7⅝	½-⅝	4⅜-4⅝	9-9¼	14-16	10¾-10⅞	3⅞-4

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.40-10.50 per cent; six months 10.75-10.85 per cent; one year 10.70-10.80 per cent.

Long-term Eurodollar deposits: two years 10⅛-10½ per cent; three years 10¼-10⅜ per cent; four years 10⅜-10⅝ per cent; five years 10⅜-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German call money rate firm

The rate on call money rose sharply yesterday in Frankfurt, following the implementation of measures announced previously by the Bundesbank to reduce liquidity. These included a 5 per cent increase in minimum reserve ratios, and as a result call money was quoted at 3.75-3.80 per cent compared with 0.25-0.50 per cent on Wednesday. Longer term interbank rates showed little change although one-month money eased to 3.8-3.9 per cent from 3.9-4.0 per cent with the three-month rate quoted at 4.1-4.2 per cent against 4.15-4.20 per cent previously. Six-month money stood at 4.25-4.35 per cent from 4.25-4.30 per cent while 12-month money eased slightly from 4.55-4.65 per cent to 4.5-4.6 per cent.

AMSTERDAM—A large sum of tax payments due this month was seen as the reason for the Dutch authorities introducing a Fl 1.6bn special loan facility to commercial banks yesterday. The tender saw a 100 per cent application for the 20-day period to end on February 23, and market sources suggested that as result, money market rates should remain stable. Call money was quoted at 7¼-8 per cent compared with 7¼-8 per cent on Wednesday.

NEW YORK — Chase Manhattan's decision to lower its prime rate to 11¼ per cent produced no following trend yesterday and interest rates were generally stable. Fed funds were trading at 10-10⅛ per cent, little changed from previously. 13-week Treasury bills were quoted at 9.27 per cent, while 26-week bills eased only slightly to 9.34 per cent from 9.35 per cent earlier. One-year bills were quoted at 9.31 per cent compared with 9.35 per cent.

PARIS—Call money showed a slightly firmer tendency yesterday, while longer term rates remained static.

HONG KONG — Conditions in the money market were tight, with overnight money at 14½ per cent and overnight business dealt at 14½ per cent.

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit appeared to be in good supply in the London money market yesterday, and the authorities sold a large amount of Treasury bills all direct to the discount houses. The supply of funds appeared to take a little time to show through with houses paying 11¼-11½ per cent for secured call loans at the start. Conditions remained rather patchy but eased during the latter part of the day with closing balances taken anywhere between 9½ per cent and 10½ per cent.

The market was helped by a small amount of Treasury bills maturing outside official hands and a moderate decrease in the note circulation. In addition

In the interbank market overnight loans opened at 12-12¼ per cent and eased on the forecast of a large surplus to 11⅝-11⅞ per cent. However rates soon firmed back to 11¾-12 per cent with trading at noon at around 11¼-11¾ per cent. Closing balances were taken at 10-10½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 1 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-12¼	—	—	—	12-12¼	9½-11½	—	—	—
2 days notice	—	—	12⅛-12⅜	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	12⅛	—	—	—	—
7 days notice	—	11⅞-12¼	12¼-12⅜	—	12⅛	—	11-11¾	—	—	—
One month	12⅜-12¼	12⅛-12⅝	12½	13⅛-13½	12¾	12⅞	11¾	11¾-11⅞	12⅛-12⅜	13⅞
Two months	12⅝-12⅞	12⅞-13⅛	—	13⅛-13⅜	13¼-13⅜	—	12	12⅛-12½	12⅝	13⅜
Three months	13¼-13⅛	13¼-13⅜	13¼-13⅜	13⅛-13⅜	13½-13⅝	13⅛	12¼	12⅜-12½	12⅞-12⅞	13⅝
Six months	13¼-13⅛	13¼-13⅜	13-13¼	12⅞-13¼	13⅛-13⅝	—	—	—	12⅞-12⅞	13¾
Nine months	13¼-13	13⅛-13¼	—	13⅛-13½	13½	—	—	—	—	—
One year	12⅞-12¾	12⅞-13	13-13⅛	12⅞-13⅛	13¼	—	—	—	—	—
Two years	—	—	13-13⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 13-13½ per cent; four years 13¼-13⅝ per cent; five years 13½-13⅝ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞-12⅞ per cent; four-month trade bills 13⅞ per cent.

Approximate selling rates for one-month Treasury bills 11½-11⅝ per cent; two-month 11⅞-12 per cent; three months 12-12⅛ per cent. Approximate selling rate for one-month bank bills 12⅛-12⅜ per cent; two-month 12⅝-12⅝ per cent; and three-month 12⅞-12¾ per cent; one-month trade bills 13 per cent; two-month 13¼ per cent; and also three-month 13½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 12.8863 per cent.

GOLD

Easier trend

Gold fell $2¾ to close at $229¼-$230, after a fairly active afternoon's trading. Profit-taking in New York followed the opening of the U.S. market, encouraged by the renewed strength of the dollar. Gold opened at $231¼-232, and was fixed at $232.40 in the morning, and $229.35 in the afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM14,045 per kilo ($232.95 per ounce).

	February 1	January 31
Gold Bullion (fine ounce)		
Close	$229¼-230	$232-232¾
Opening	$231¼-232	$233½-234¼
Morning fixing	$232.40 (£117.078)	$233.05 (£116.747)
Afternoon fixing	$229.35 (£116.728)	$233.70 (£117.190)
Gold Coins, domestically		
Krugerrand	$253½-255½ (£128-129)	$255¼-258¼ (£128½-129½)
New Sovereigns	$65¼-67¼ (£33-34)	$66¾-68¾ (£33½-34½)
Old Sovereigns	$68¼-70¼ (£34½-35½)	$68¾-70¾ (£34½-35½)
Gold Coins, internationally		
Krugerrand	$236-238 (£119½-120½)	$240-242 (£120½-121½)
New Sovereigns	$60¼-62¼ (£30½-31½)	$60¾-62¾ (£30½-31½)
Old Sovereigns	$68¼-70¼ (£34½-35½)	$68¾-70¾ (£34½-35½)
$20 Eagles	$304-307	$304½-306½
$10 Eagles	$165-170	$165-170
$5 Eagles	$112-117	$112-117

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.125
Treasury Bills (13-week)	9.27
Treasury Bills (26-week)	9.34

GERMANY

Discount Rate	3
Overnight Rate	3.775
One month	3.85
Three months	4.15
Six months	4.30

FRANCE

Discount Rate	9.5
Overnight Rate	6.5
One month	6.5625
Three months	6.6875
Six months	6.75

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

هكذا من الاصل

WORLD STOCK MARKETS

Dow off 2.2 more in active morning trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—95½% (92%)
Effective $1.9819 48% (47%)

WORRIES ABOUT inflation, interest rates and unrest in Iran continued to undermine sentiment on Wall Street yesterday morning, and stock prices further declined in active trading.

The Dow Jones Industrial Average, after Wednesday's 12.56 fall, shed 2.25 more to 836.97 at 1 p.m. The NYSE All Common Index was 19 cents lower at $55.80, while declines outnumbered gains by nearly a two-to-one margin. Trading volume came to 20.06m shares, compared with 19.11m at 1 p.m. the previous day.

Closing prices and market reports were not available for this edition.

Analysts said Wednesday's report of a jump in farm prices pointed towards steeply rising first-half consumer prices.

They said uncertainty about whether interest rates are yet peaking is a negative. Chase Manhattan Bank and several small banks cut their prime rate to 11¾ per cent this week but no other major bank had followed. Worry that continued curtailment of Iranian oil production could force mandatory conservation measures was also a depressant.

McGraw-Hill fell 3½ to $25⅛ in its first trading since Friday. Directors have rejected American Express's increased $40 a share merger proposal. American Express, which said it would leave the offer open until March 1, put on ½ to $29⅞.

Retailers were weak despite reporting mostly higher January sales. Active Sears lost ¼ to $20¾, while K Mart slipped ⅜ to $24, F. W. Woolworth ⅜ to $19⅞ and J. C. Penney ¼ to $31¼.

Active Exxon gave up ¼ to $51. It is cutting crude supplies to its customers by 10 per cent because of the cut-off of Iranian oil exports.

Citicorp lost ½ to $24. A block of 100,000 shares were traded at $24.

White Consolidated advanced 1⅛ to $21⅜ in active trading. General Motors has agreed to sell its frigidaire division to White for undisclosed terms. GM eased ⅛ to $56½.

THE AMERICAN SE Market Value Index declined 0.58 to 158.66 in a moderate early business. Volume 1.46m shares (1.45m).

Resorts International "A" led the Amex actives list, rising ⅛ to $33¼. Houston Oil, in second place, eased ⅛ to $16½. Also active Andahl moved ahead $1 to $46¼.

Clausing picked up ⅛ to $20¼ after announcing a stock split and raising the dividend.

Placer Development dipped ⅛ to $23¼ despite higher 1978 profits.

Canada

Share prices further retreated across a broad front in active dealings, leaving the Toronto Composite Index 9.6 lower at 1,346.3 at mid-day yesterday.

Golds were down 20.3 at 1,491.5 on index, while Metals and Minerals receded 13.5 to 1,200.9, Oils and Gas 11.5 to 1,843.2, Banks 2.67 to 316.33, Papers 2.24 to 156.53 and Utilities 1.71 to 196.99.

Tokyo

After an early extension of Wednesday's advance, the market succumbed to widespread profit-taking and closed predominantly easier on balance following a heavy business.

The Nikkei-Dow Jones Average briefly touched a fresh record peak of 6,218.21 before reacting to 6,200.00 for a loss of 12.78 on the day. The Tokyo SE index finished 1.47 off at 461.50, while turnover increased to 600m shares (510m).

Chemicals, Steels, Heavy Electricals, Oils and Textiles, which led the recent stock market advance, lost ground, with Arabian Oil shedding Y130 to Y3,060, Kaken Chemical Y50 to Y2,500, Kobe Steel Y4 to Y201 and Hitachi Y3 to Y277.

Electricals and Cameras were also inclined to close lower despite the dollar appreciation against the yen, but some Foods, Engineerings and Real Estates were higher.

Germany

Stocks declined across the board, led by Electricals, in a market made nervous by news from several parts of the globe. The Commerzbank Index receded 7.2 to 812.5, its lowest point so far this year.

In Electricals, Siemens fell DM6.00 to DM264.00 after it was reported that Brazil was cutting by half an order for eight atomic power plants, which were to be built in large part by Kraftwerk-Union, a wholly-owned Siemens subsidiary.

Chemicals and Banks also shared heavily in the downtrend. Schering lost DM5.80, BASF DM2.30 and Bayer DM1.20. Among Banks, Deutsche Bank receded DM3.30, Commerzbank DM2.10 and Dresdner Bank DM1.50.

Babcock retreated DM11.00, with dealers ascribing this to the return of Ayatollah Khomeini to Iran, which holds a minority stake in Deutsche Babcock.

Machine Manufacturer GHH shed DM2.50, while Neckermann, in Stores, receded DM3.00, and Volkswagen, in Motors, lost DM3.40.

Against the trend, Degussa gained DM6.00 at DM249.00 after announcing an unchanged dividend.

The Domestic Bond market was quiet, with Public Authority issues registering some small gains and losses. The Bundesbank sold a nominal DM13.8m of paper after a nil balance in open market operations on Wednesday.

Paris

The poor overnight performance on Wall Street and continuing fears of an outbreak of labour unrest in France caused a further widespread setback yesterday in quiet trading, but prices partially recovered later on institutional buying. The Bourse Industrial index finished 0.9 lower at 75.8.

Declines predominated in all sectors, with stocks significantly lower at the close including Bancaire, Mumm, Hachette, Paris-France, Paribas, Ericsson, CFR, Bellon, Generale des Eaux, Sommer, Imetal and Applications des Gaz.

Gaining against the trend were Credit Commercial de France, which added 2.8 at FFr 140.1 after stating that contrary to expectations, its 1978 earnings will show an improvement. Also higher were Alsacienne de Supermarche, Peugeot-Citroen, Darty, Matra, Labinal and Primagaz.

Australia

Markets were in buoyant mood, with Copper Mining issues particularly strong in reflection of a further rise in world copper prices.

MIM Holdings rose 15 cents to A$3.15, Mount Lyell 11 cents to 87 cents and Pacific Copper 8 cents to A$1.13, while BH South and Bougainville gained 4 cents each to A$1.60 and A$1.84 respectively.

Other leading Mining stocks mainly advanced, also on higher metal prices, with Western Mining adding 5 cents at A$1.94, Robe River 7 cents at A$1.02, Renison Tin 40 cents at A$10.50 and North Broken Holdings 6 cents at A$1.52.

CRA moved ahead 10 cents to A$3.60, while its diamond joint venture partner, Ashton Mining, put on 2 cents to 92 cents.

Sims also traded strongly, still responding to the bid from Peko-Wallsend, and gained 4 cents more to A$1.51. Peko held unchanged at A$5.60.

Market leader BHP rose sharply by 30 cents to A$9.72, while CSR climbed 8 cents to A$3.60, and ICI Australia 6 cents to A$2.38. Among firm Stores, Myers improved 8 cents to A$1.96 and G. J. Coles 5 cents to A$2.35.

Hong Kong

After being closed for several days for the Chinese New Year holiday, the stock market re-opened yesterday on a quietly firm note. The Hang Seng index gained 6.40 to 549.46.

Among Blue Chips, Hongkong Bank and Jardine Matheson rose 20 cents apiece to HK$ 19.20 and HK$ 12.50 respectively, while Hong Kong Land hardened 10 cents to HK$ 8.25.

Hong Kong Wharf put on 20 cents to HK$ 28.00, with the Warrants rising HK$ 4.00 to HK$ 76.00.

Switzerland

The market was firmer-inclined on fresh foreign buying which partly offset the slowing effect of recent heavy profit-taking.

Dealers said foreign investors are generally seeking the security and stability which Swiss investments represent, not the yields, which are not particularly attractive.

Ciba Geigy rose 15 to SwFr 1,295, Nestle 20 to SwFr 3,610 and Sulzer 14 to SwFr 341.

Johannesburg

Gold shares were a shade easier in a very small trade following the lower Bullion price trend.

Mining Financials were mixed, while Diamond leader De Beers lost 5 cents to R8.85. Platinum shares were mostly untested, while Coppers were steady. Tin issues were higher on speculative buying, while Industrials were narrowly irregular in thin dealings.

NOTES: Overseas prices shown below exclude S premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated. yields based on net dividends plus tax.
♥ Pts 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
● SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Jan. 31	Jan. 30
Abbott Labs	33⅛	35¼
AM International	23⅝	23⅝
Aetna Life & Cas.	40¼	42¼
Airproducts	26	87½
Alcan Aluminium	36⅝	57½
Alcoa	51⅛	53
Alleg. Ludlum	18¾	15⅞
Allegheny Power	17⅞	17⅛
Allied Chemical	30¼	30¼
Allied Stores	22⅝	22¾
Corning Glass	55⅜	55¾
CPC Int'rn'tional	30⅝	50
Crane	30⅛	51⅞
Crocker Nat'l	28¼	28⅛
Crown Zellerb'h	34	33⅞
Cummins Engine	36⅝	59⅛
Curtiss Wright	14¾	14⅝
Dana	28⅞	28⅝
Dart Industries	40⅜	40¼
Deere	55¼	37¼
Del Monte	48¼	48
Johns Manville	03⅞	24⅝
Johnson Johnson	75⅞	75⅝
Johnson Control	28⅝	28⅞
Joy Manufacturing	30½	50⅞
K. Mar Corp	24⅝	24¼
Kaiser Alumini'm	18¾	18¾
Kaiser Industries	5⅛	8¼
Kaiser Steel	22⅝	22¼
Kaneb Services	14⅛	14⅝
Kay	14¼	14¼
Kennecott	82⅞	92⅝
Kerr McGee	46⅝	47¼
Kidde Walter	30½	30⅛
Revlon	50¼	51½
Reynolds Metals	35⅛	57½
Reynolds R.J.	58¾	59
Rich'son Merrell	85¼	24
Rockwell Inter.	38	57⅜
Rohm & Haas	57⅝	37½
Royal Dutch	64⅛	55¾
RTE	18	16⅛
Ross Togs	10¼	10¼
Ryder System	24½	24¼
Safeway Stores	42¼	42⅝
St. Joe Minerals	55¼	25¾
Woolworth	20¼	20⅝
Wyly	4⅞	3
Xerox	07¾	59
Zapata	12⅞	13⅛
Zenith Radio	14⅛	14¼
U.S. Treas 4% '80	†94⅞	†94⅞
US Treas 4¼% 75/85	†78¾	†78⅛
U.S. 90-day bills	9.29%	9.27%
Weyerhaeuser	99⅝	30¼
Whirlpool	18¼	18⅜
White Con. Ind	15⅝	15⅝
William Co.	18¼	18⅛
Wisconsin Elect.	25½	25⅜

CANADA

Stock	Jan. 31	Jan. 30
TransCanPipeLn	18⅝	18⅝
Trans Mount Opt	9	0¼
Trizec	†15¾	†15¾
Union Gas	10⅛	10⅝
UntdSiscoe Mines	9⅛	5½
Walker Hiram	42¾	43⅝
West Coast Trans	11⅝	11¾
Weston (Geo.)	23	25¼

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Tst.	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 791

Indices

NEW YORK—DOW JONES

	Jan. 31	Jan. 30	Jan. 29	Jan. 26	Jan. 25	Jan. 24	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	833.22	851.78	855.77	858.70	854.64	848.41	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.41	85.19	85.24	85.04	84.88	84.49	90.86 (4/1/78)	84.09 (15/1/79)	—	—
Transport.	214.55	219.89	217.91	210.74	218.95	217.28	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.91	104.87	104.50	104.09	103.52	102.87	110.98 (3/1)	97.75 (30/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	30,330	28,910	24,240	34,250	31,440	31,181	—	—	—	—

◆ Day's high 853.52 low 835.67

Ind. div. yield %	Jan. 20	Jan. 19	Jan. 12	Year ago (approx)
	5.66	5.81	5.80	5.02

STANDARD AND POORS

	Jan. 31	Jan. 30	Jan. 29	Jan. 26	Jan. 23	Jan. 24	1978-79 High	1978-79 Low	Since C'mpil'tn High	Since C'mpil'tn Low
‡Indust'ls	111.32	112.78	113.28	113.84	112.62	111.62	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	20.98	101.06	101.55	101.62	101.19	100.16	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Jan. 24	Jan. 17	Jan. 10	Year ago (approx.)
Ind. div. yield %	4.95	4.97	4.91	5.13
Ind. P/E Ratio	8.06	9.01	8.93	8.74
Long Gov. Bond Yield	8.51	8.97	8.98	8.17

N.Y.S.E. ALL COMMON

Jan. 31	Jan. 30	Jan. 29	Jan. 26	1978-79 High	1978-79 Low
35.99	56.50	36.83	55.99	60.38 (11/9)	48.07 (6/3)

Rises and Falls

	Jan. 31	Jan. 30	Jan. 29
Issues Traded	1,878	1,868	1,905
Rises	465	593	685
Falls	1,033	805	799
Unchanged	372	470	418
New Highs	17	29	39
New Lows	7	5	8

MONTREAL

	Jan. 31	Jan. 30	Jan. 29	Jan. 26	1978-79 High	1978-79 Low
Industrial	228.89	230.39	232.44	232.26	232.44 (29/1/79)	162.30 (16/2)
Combined	235.21	235.55	237.03	236.57	237.03 (29/1/79)	175.62 (30/1)
TORONTO Composite	1355.4	1372.8	1382.4	1379.3	1382.4 (29/1/79)	998.2 (30/1)
JOHANNESBURG Gold	270.2	272.5	275.3	274.3	275.3 (29/1/79)	156.5 (20/4)
JOHANNESBURG Industrial	300.5	300.7	300.8	299.3	300.5 (29/1/79)	194.9 (13/3)

Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Asarco	367,400	19¾	+1¾
Gardner-Denver	330,500	29¾	+¾
Exxon	323,900	51¼	−¾
Boeing	263,600	75⅝	−1½
Ralston-Purina	260,400	12	−⅜
Texaco	251,200	24¾xd	−1
Sears Roebuck	250,500	21¼	−¾
Carrier	245,200	26¾	+1¼
Am. Tel. and Tel.	227,500	62⅝	−1
Uniroyal	223,800	7½	−⅜

BRAZIL

Feb. 1	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.93	+0.01	0.12	12.65
Bancodo Brazil	1.32	+0.02	0.12	7.89
Banco Itau PN	1.35	....	0.37	27.81
Belgo Mi'aira OP	1.09	−0.01	0.08	7.33
Lojas Amer O.P.	2.36	−0.07	0.20	8.51
Petrobras PP	1.92	−0.02	0.13	6.77
Pirelli OP	1.03	+0.01	0.16	9.81
Souza Cruz OP	1.80	−0.12	0.21	11.66
Unip PE	6.25	−0.15	0.25	4.00
ValeRioDoce PP	1.16	−0.03	0.17	14.72

Turnover: Cr.75.1m. Volume 48.5m.
Source: Rio de Janeiro SE.

GERMANY ◆

Feb. 1	Price DM.	+ or −	Div. %	Yld. %
AEG	65.2	+0.9	—	—
Allianz Versich	504	......	31.2	3.1
BMW	257.5	−1.5	28.12	5.9
BASF	134	−2.3	18.75	7.0
Bayer	135.5	−1.2	18.75	6.9
Bayer.Hypo	966	−1.5	28.12	4.9
Bay. Vereinsbk	500.5	−2.5	28.12	4.7

TOKYO ¶

Feb. 1	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	358	+1	14	9.0
Canon	508	−5	12	1.2
Casio	870	+18	25	1.4
Chinon	385	−6	90	2.6
Dai Nippon Print	970	−2	18	1.8
Fuji Photo	725	−20	10	1.0
Hitachi	277	−3	18	2.8
Honda Motors	506		18	1.8
House Food	1,010	−20	53	1.7

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VIENNA

THE PROPERTY MARKET

BY MICHAEL CASSELL

Brokers predict 'buoyant times'

A SMALL ray of sunshine, in the shape of the first 1979 major brokers' reports on property share prospects, has this week managed to penetrate the all-pervading gloom.

Still more buoyant times ahead for the property sector, with few clouds on the horizon, is the picture presented in the latest reports from Greenwell and from Rowe and Pitman, Hurst-Brown.

Both seem to be equally enthusiastic in their assessment that most property companies, after a long period of convalescence, are back in good health and set for substantial or even exceptional increases in pre-tax profits over the next few years. The result: progressively increasing dividends.

Both play down what could represent the most likely obstacle to frustrate their predictions—uncertain prospects for short-term interest rates—by saying that most companies are in a less vulnerable position in this respect.

They suggest any temporary weakness in the market should be regarded as a major buying opportunity and both also recommend above - average weightings in a property sector which seems set to out-perform most other areas of the stock market.

According to Rowe and Pitman, total debt has continued to fall and gearing has been reduced substantially, while at the same time rents have risen strongly and benefits from reversions are now emerging. "True" profits are again being earned and asset values have increased more dramatically than rents.

Reviewing the last 12 months the broker says property share prospects values continued to rise strongly, with yields on some prime, rack rented properties falling to just over 4 per cent. Coupled with the rapid rise in rents, particularly for shop properties, the effect on property values was very substantial.

Rowe and Pitman's own index shows that net assets per share, before deducting the contingent capital gains tax liabilities, rose by 18 per cent over the last 12 months.

The institutions met increasing difficulty in trying to invest their money in real estate on a scale they would have liked and the percentage of new funds invested this way remains at a comparatively low level. So despite the very high yields on long-dated Government securities, it is not altogether surprising that yields on good quality properties are at their lowest levels for many years.

Reversions

Rowe and Pitman says a few words of caution are called for: "Yields of 4 per cent are historically low and, while in several circumstances these have been justified by the subsequent sharp rise in rental levels, it requires a compound growth of 10.2 per cent per annum on properties with five-year rent reviews before the total returns match the yields of 13.5 per cent now obtaining on long-dated government securities."

Both brokers have much to say about reversions, emphasising that many companies are now beginning to benefit on a substantial scale from the long-awaited rent reviews and renewals now arriving. Most property companies have leases entered into 21 and 14 years ago falling due for review and Greenwell estimates that even if current rack rents do not grow, many companies could produce over the next four years an overall increase in pre-tax profits of around 150 per cent.

By way of example, the company calculates that, assuming no growth in rack rents and under current dividend legislation, the dividend yield of Land Securities could rise from the current 3.2 per cent to a possible 7.3 per cent by 1980-81.

Rowe and Pitman also cites Land Securities to support its view that the benefits of reversions will become even more evident over the next few years. It points out that with the continuing rise in rents for all types of commercial accommodation which has taken place over the past few years, the inbuilt reversions of many companies are enormous and will alone ensure a rapid growth in pre-tax figures for several years to come.

Based on March 1977 rent levels, rental income of Land Securities is forecast to rise by £32.8m by March 1987, implying a rise in pre-tax profits at an annual compound rate of 12 per cent over the next nine years.

One point to be made on reversions, however, is that many older properties will without question require substantial modernisation before asking rents can be justified, something which is likely to represent some fairly significant levels of expenditure in many cases.

On rents, Rowe says the main growth has in the last year been in the shops sector with demand still strong. Investment demand has been greatest in prime shopping areas, although the company says it wonders how long it will be before some prices which have been paid are actually justified.

Beneficiaries

Industrial rents are expected to continue their steady rise but it is in the office market where, according to Rowe, the greatest opportunities for short to medium-term rental growth now lie.

Companies such as Haslemere, Land Investors, Land Securities and Warnford Investments, with large holdings of City office space, should be among the prime beneficiaries of this developing situation, says Rowe. Other companies in its good books: Peachey, Slough, Property Holding and—having emerged from a difficult period and now offering "exceptional recovery prospects"—British Land and Law Land.

Greenwell, which agrees on the outlook for City office rents and predicts a fast growth rate for rack rents on prime office space. Its recommendations: Brixton, Hammerson, Haslemere, MEPC, Slough and Stock Conversion. More speculatively: British Land and Law Land.

Peachey now looks forward

THIS WEEK'S report on Peachey Property by the Trade Department should finally clear both the air and the way forward for a company which now bears little resemblance to that which Sir Eric Miller left.

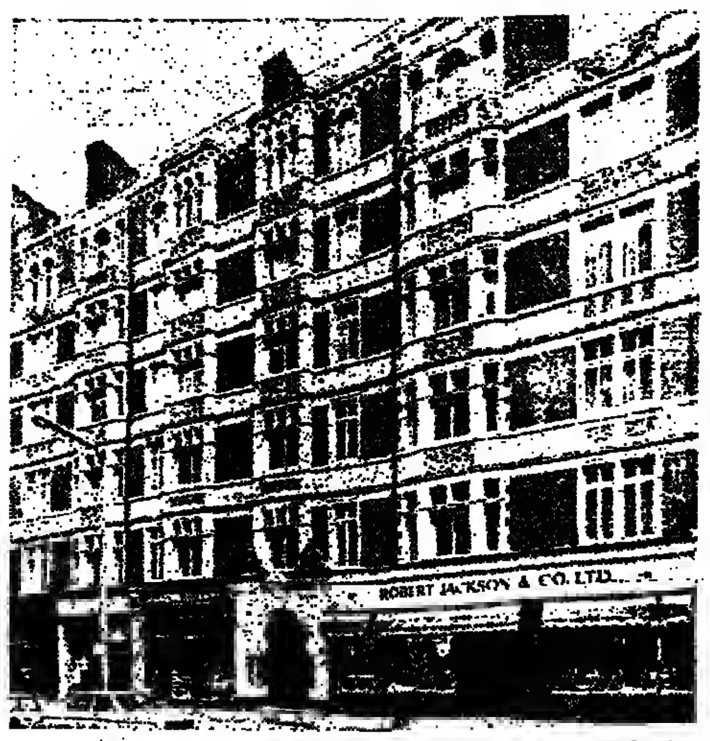
Since Sir Eric's departure, six months before his death, the Peachey board has been changed with only one member who was for a short time involved in Sir Eric's regime remaining. He is Lord Mais, the present chairman who was free from criticism from the Inspectors.

The company has lodged £750,000 claims against Sir Eric's estate although any losses arising out of the affair have been written off. Peachey, concluded the report, could now be "fairly and safely judged on the merits of its performance and its present board without recourse to the past."

With Mr. John Brown as managing director, the company has recently sold for £12m cash the Park West apartment block in London which appeared reluctant to leave the fold. Proceeds have gone to wiping out short-term borrowings and over £6m cash in hand was left.

Pre-tax profits in the year to last June reached £1.9m after a 1977 loss of £87,000 and rationalisation has trimmed the group's numerous subsidiaries to 15 active companies. All non-property interests have been sold.

Peachey's commitment to sell its low yielding residential properties and to concentrate on higher yielding commercial developments remains a priority.



British Petroleum Pension Fund has let the former Robert Jackson food store in Sloane Street, London, SW3, to La Cicogna, Italian children's clothes specialists. The shop has a sales area of just under 1,800 sq. ft., with a further 1,600 sq. ft. of basement accommodation. The rent is more than £100,000 a year exclusive. Debenham Tewson and Chinnocks acted for BP, and Ian Scott and Laurence Bird represented La Cicogna, which has another shop in Britain a short distance away in Kensington High Street.

IN BRIEF

CHELTENHAM'S largest unlet office block has been taken for a rent close to £123,000 a year by Linotype-Paul, the U.S.-owned printing equipment manufacturers. Chelham House, formerly occupied by the Central Electricity Generating Board, offers 56,000 sq ft of office space and Linotype-Paul has taken an underlease with 14 years unexpired. Joint letting agents: G. H. Bayley and Debenham Tewson and Chinnocks.

●

DIMSDALE Developments (South East), in conjunction with Crowvele Properties, a wholly-owned subsidiary of Associated Properties, are to carry out a joint £1.3m office and industrial development at Shoreham in Sussex. They have acquired a two-acre site from Legal and General Assurance and work on the project, offering units from 8,000 sq ft upwards, will begin in March.

Brussels activity 'just temporary'

THE EXPECTED sharp upsurge in the rate of lettings for office accommodation in Brussels did not after all take place in 1978, according to Knight Frank and Rutley.

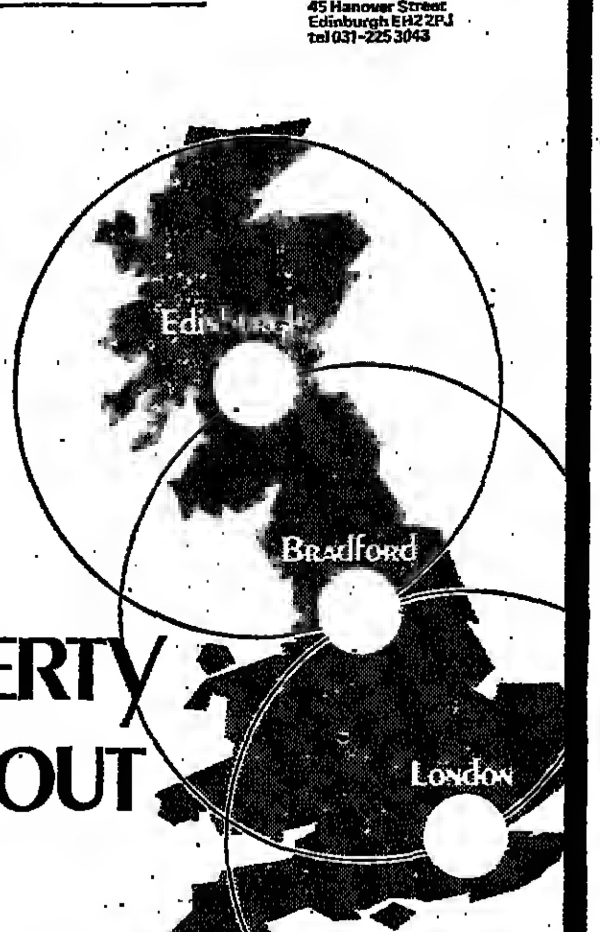
KFR says that the increase in activity at the end of 1977 proved to be temporary, arising from a backing of new requirements, and that the short-term requirements of the most important space users in the city—the Belgian Government and the Common Market—are likely to be limited. KFR estimates there is about 400,000 sq metres still available.

Against this rather depressing background, however, the economics of construction are such that prime rents are now standing at about half those which, in normal circumstances, would be needed to attract new developments. The potential for growth is, therefore, enormous, according to KFR, and the uncertainty which surrounds the market no longer relates to whether rents will rise but more to the question of when.

KFR adds: "As a result, the investment market has strengthened appreciably and yields for prime well-let office buildings will probably drop their 7-7½ per cent range during 1979.

"There would seem no justification for predicting with certainty that demand will increase sufficiently in the two-year term so as to force rents to rise appreciably. The growth prospects in the two- to five-year term are excellent, however, and those who can bang on can view the future with confidence."

INDUSTRIAL AND BUSINESS PROPERTY



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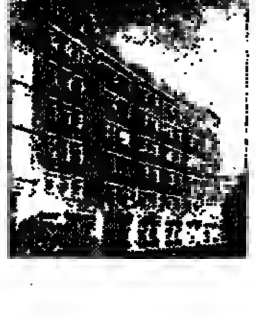

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COMMODITIES AND AGRICULTURE

European sugar rise forecast

By Our Commodities Editor

EUROPEAN SUGAR production this season (1978-79) is expected to rise by about 300,000 tonnes to 30,684,000 tonnes, raw sugar value, according to latest estimates issued by the International Association for Sugar Statistics yesterday.

Western European output is put marginally higher at 16,681,000 tonnes against 16,508,000 tonnes last season mainly because of a rise in Italian output. UK production, forecast at 1,141,000 tonnes in December, is now lowered to 1,090,000 tonnes because of losses from the recent frosts and transport problems. This compares with production of 1,032,000 tonnes in 1977-78.

The biggest rise forecast is for the Soviet Union at 9,100,000 tonnes against 8,825,000 tonnes previously.

Meanwhile world sugar values rose on the London futures market yesterday following reports of new proposals for US domestic sugar policy, which it is hoped will clear the way for the U.S. to ratify the International Sugar Agreement.

Brazil cuts coffee prices

BY RICHARD MOONEY

COFFEE PRICES rose on the London futures market yesterday in spite of announcements that the world's two biggest producers were reducing their export prices.

May delivery coffee declined to £1,270 a tonne during the morning in response to news that Brazil had reduced its minimum export price by 30 cents to $1.30 a pound and that Colombia had cut the amount exporters must deposit with the Central Bank against overseas shipments to $217 from $243 per 70-kilo bag.

Prices rallied as it became clear that the lower Brazilian minimum was compensated by the phasing out of the current 30 cents a pound rebate on coffee exports.

However, the recovery was mainly attributed to renewed buying, believed to be support purchases on behalf of the "Bogota Group" of Central American producers. Aided by speculative buying, partly resulting from encouraging chart patterns, this lifted May robusta coffee to £1,305.5 a tonne, up £17 on the day, at the close.

Apart from cutting the export minimum the Brazilian Coffee Institute (IBC) also cut the contribution quota (export tax) on coffee by $30 to $50 per 60-kilo bag.

This is believed to have been responsible for a 3 cents a lb reduction in prices for coffee offered by Brazilian exporters yesterday though some market sources thought the cut reflected the rumoured introduction of a new 5 cents a lb rebate on the minimum export price.

Meanwhile, the Colombian move resulted in a reduction of about two cents a lb in its coffee export price.

On the London cocoa futures market yesterday continued producer selling, particularly from West African sources, pushed nearby prices to new 10 month lows during the day. The May position slipped to £1,707 a tonne at one stage but recovered sharply.

New peaks in metal markets

By John Edwards, Commodities Editor

BASE METAL prices, led by copper, rose strongly again on the London Metal Exchange yesterday.

Copper cash wirebars rose by £9.5 to £914.5 a tonne, the highest level since March 1976 and the three months quotation was £7 up at £927.25.

The further rise came despite some heavy profittaking sales, both in the morning and in late afternoon trading. Market sentiment was influenced, however, by another succession of U.S. price increases. Leading U.S. producers raised their domestic prices by 2 cents to 82 cents a lb, but Texas Gulf of Canada raised its U.S. selling price to 84 cents.

Zaire repeated its denial of rumours it was planning to cutback contracted copper shipments. Zambia also denied any cutback in deliveries, although pointing out it had already announced production would be substantially lower this year.

Although speculative buying was the main influence yesterday, it was noted that continued "borrowing" (buying cash and selling an equivalent amount forward) had closed the gap between cash and three months quotations to below £14.

The rise in copper boosted other metals too. Cash tin encouraged by an increase in the Penang market overnight, jumped by £127.5 to £7,180 a tonne making an increase of £230 this week alone.

Wool supplies expected to increase

CANBERRA—World wool supplies are more likely to rise than fall in the 1979-80 season ending June 30, according to the Bureau of Agricultural Economics.

Mr. Henry Haszler, bureau wool economist, told the National Agricultural Outlook Conference that his forecast was based on the probability that wool output in Australia, New Zealand, the USSR and South Africa would rise.

In addition, given that wool consumption was not likely to change greatly, total world stocks were not expected to fall very much this season.

EEC FARM PRICE REVIEW

'Disaster for dairying'

BY CHRISTOPHER PARKES

THE PLANNED levy on milk production could cost the average British dairy farmer between £2,350 and £3,760 a year if the Common Market Commission's plans are approved by the Council of Ministers, the Milk Marketing Board claimed yesterday.

"It is no exaggeration to say the proposals would mean disaster for the UK dairy industry," Mr. Steve Roberts, Board chairman, said. "The great majority of our producers would be driven out of business in a very short time."

Mr. John Silkin, Minister of Agriculture, was placid by contrast. He was concerned, he said, at the way the small-scale producers, who make up 30 per cent of the EEC's dairy farmer population, had been excluded from the provisions of the tax plan.

The proposals discriminated against the UK, he claimed. British milk producers did not contribute to Community surpluses, and they ought to be encouraged.

He was eager to see how much of the levies Britain could 'claw back' from Brussels. If sufficient "incentive" were made available he would not reject the proposals out of hand.

Milk Board officials, however, were dismayed by the Brussels plan. If milk output developed as expected this year, the tax could cost farmers a drop in income equal to between £50 and £80 a cow.

Mr. Richard Butler, newly-elected president of the National Farmers' Union said: "We will never solve the milk surplus problem by putting the most efficient producers in Europe in jeopardy and it is nonsense to try."

The Commission's scheme to ban investment aids to "larger" farmers discriminated against Britain, he claimed.

Rejecting the whole price review package, Mr. Butler said the first requirement was an early and substantial devaluation of the Green Pound—the notional currency used for translating "common" prices into sterling, which is now 30 per cent over-valued.

But he is not likely to get much more than 5 per cent change suggested by the EEC Commission following talks with the Government. This would raise the support buying prices for key commodities like grain, beef and milk products by 5 per cent but the full effects of devaluations are never reflected in farm incomes.

There is a possibility, however, that the adjustments in the green currencies—the only elements in the package directly affecting guaranteed farm prices—may be fixed in isolation from the rest of the review proposals.

A Commission official said in London that if agreement on devaluations for France, Ireland, Britain and Italy could be reached at next week's meeting of the Agriculture Council, Mr. Finn Gundelach, Agriculture Commissioner would consider the move "favourably."

Such a move would be an unprecedented breach of review policy and could open the way to virtually endless stalemate on the other, more contentious elements in the proposals.

The most important element is the milk tax or co-responsibility level which is the Commission's key to cutting surplus milk production.

Mr. David Williamson, deputy director-general for agriculture at the EEC Commission, said each percentage point of the levy would raise about £90m. This would be pumped back into the dairy market, he said, to encourage consumption of milk and dairy products.

In the first year, he estimated, there would be a levy of 5 per cent on all Community producers. This would raise some £450m for promotion and subsidies.

Outlining the Commission's ideas for phasing out Monetary Compensatory Amounts (France insists a plan must be agreed before it will allow the new European Monetary System to come into operation) Mr. Williamson said the best scheme was for all except Britain to aim to get rid of them in about four years.

For the UK, he suggested that more of the arrangements might be possible.

U.S. doubts on wheat pact

WASHINGTON—The outlook for successfully completing negotiations on a new international wheat agreement is not as optimistic as it was a few days ago, James Webster, director of the Office of Governmental and Public Affairs, U.S. Agriculture Department, said yesterday.

In remarks prepared for delivery to the National Association of Wheat Growers' meeting in San Francisco, Mr. Webster said the U.S. negotiating team returned to Geneva for the final three weeks of talks with the firm resolve to reach agreement on the outstanding issues.

However, he said, "there has not been substantial progress on clearing away the four points which remain in dispute." These are: The total size of the reserve stocks to be shared by the participating countries; each country's individual share of the total stock; the upper price level which would trigger release of stocks from the reserve into the market; an adequate sized food aid programme for extremely poor countries.

Mr. Webster said there were certain issues the U.S. could not compromise on further. Specifically the range of prices for accumulating and releasing the reserve stocks and the size of the reserve.

The U.S. had held firm for a total reserve stock of 25 to 30m tonnes. Others had suggested a total reserve of half that size.

"But it is clear to us that a stock of only 15m tonnes, in a world wheat market which sees production vary as much as 65m tonnes in a single year, simply is not realistic," Mr. Webster said.

If a satisfactory agreement is not reached serious consideration will be given to building on the constructive and co-operative relationship that the U.S. and most of the other major wheat trading countries have achieved during these past two years, he added.

Such an agreement might not share the burden of adjusting world stocks as widely as desired, but it would be far preferable to doing nothing or returning to the anarchy of past years.

In Canberra it was claimed the Australian wheat industry has serious misgivings over too high a release price in the proposed international wheat agreement.

Oak disease warning

By Our Commodities Staff

BRITAIN'S OAK trees could suffer the same fate as its elms unless drastic steps are taken to keep "oak wilt" out of the country, members of the UK Timber Growers' Organisation were warned yesterday.

Mr. Michael Harley, president of the organisation, told the annual meeting in London yesterday: "It has recently been shown that the fungus which causes oak wilt, a killer disease of oak on the Mississippi and in eastern North America, can live and be carried about in the sapwood of sawn oak timber."

Mr. Harley said the organisation was urging that imports of North American oak into Britain should be banned as had already been done in France.

Quotas the answer to milk glut

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I MAKE no apologies for returning to the problems of milk surpluses once again. The myths and inaccuracies surrounding the European dairy scene are once more to debate as the EEC annual farm price negotiations start.

There is, as I have said many times before, only one solution. Each country should have a production quota administered nationally so that those over producing in that country should have to take a lower price—the realisation price on the world market—for the surplus supplies produced.

Here is a myth straight away. People, even highly placed people, say there is now no world market. This is an irresponsible and inaccurate statement. The EEC itself, whose advocates are the main proponents of the no world market myth, spends countless millions every year dumping surpluses on world markets.

It is only membership of the Common Market which restricts Britain to the Community straitjacket of import levies, which are proving so expensive.

But back to milk. It is commonly said that the Community surplus is due to the peasant farmer milking two or three cows on the Massif Central, the Bavarian Alps, or wherever. The fact is that although 38 per cent of all Community herds are from one to four cows they only comprise 7 per cent of the total Community herd.

Even if you eliminated these 825,000 farmers and their 1,800,000 cows, you would still be left with very considerable surplus production. In fact the small-size dairy farmer has been going out of production steadily over the years, without making much difference to total herd size overall or slowing down the increase in milk production.

A "freeze" in prices, a co-responsibility levy or "green" currency manipulations will make little difference to the viability of the one to four cow farms. They are beyond the realms of reasonable economics anyway. The larger farmers have no option but to carry on while making all the noise they can. Climate and farm size make any other course impossible.

Here the National Farmers Union steps in to support UK dairy farmers and claims that inefficiency and surpluses belong across the channel. Therefore, it argues, the Europeans should be discouraged, and the British fostered. UK farmers do have larger farms than most of the Europeans. But sheer size, as Goliath discovered, is not everything.

A recent report by the Milk Marketing Board's Low Cost Production Unit compared dairy farming in England and Wales with Ireland. This showed that Irish farmers made just about double the profit per hectare than did their British counterparts, in spite of lower yields per cow and roughly the same milk price.

The reason is quite simple. The Irish spend as little as possible on fixed costs—labour, machinery, buildings, fertilisers and feeding stuffs. The English farmer, driven by the unsupported notion that investment in almost anything means progress, busily reduces his profit margins by spending too much money trying to get too much milk.

Another piece of conventional wisdom says that Britain is ideally suited for the production of grass. This is quite true, particularly on the Western seaboard. The potential for grass is almost as good as in Ireland. But it is not very well used by dairy farmers.

I believe British dairy farmers have been seriously misled over their competitive advantages in the Community, and even more so over their political strength in the Council of Agricultural Ministers.

In politics voting power counts more than commonsense or theoretical economics. There are over 2m dairy farmers in the Nine of which only 74,000 or 3.5 per cent are British. Therefore in any crunch decision UK dairy farmers are likely to be at a disadvantage. This is a reality and not a myth.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Surged ahead again in hectic trading on the London Metal Exchange. The strength of Comex overnight coupled with heavy speculative buying and the downturn in sterling prompted forward metal to rise to £926 on the morning kerb. Values eased fractionally in the afternoon following a lower-than-expected opening on Comex. But the market then lifted sharply on fresh buying to touch the day's high of £935 before reacting to heavy profit-taking and selling against option business to close on the late kerb at £927. Turnover, 28,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	911.5-.5	+5½	914.5-.5	+9.5
3 months	925-.6	+11½	927-.5	+7
Settlem't	912	+15	—	
Cathodes				
Cash	899.900	+17	905.5	+14.5
3 months	913.5-4	+17	918.5	+13.5
Settlem't	900	+17	—	
U.S. Smt.	—		*77-80	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £911.5, three months £921, 22, 22.5, 23, 23.5, 24, 24.5, 24, 25, 26, 25.5. Cathodes, cash £899, three months £910, 12.5, 13, 14. Kerb: Wirebars, three months £926, 27, 27.5, 28, 27.5, 27, 27.5. Afternoon: Wirebars, three months £922, 21.5, 22, 22.5, 25, 26, 27, 28.5, 27, 28, 27.5. Cathodes, three months £913, 16, 16.5. Kerb: Wirebars, three months £934, 35, 34.5, 34, 33.5, 33, 32.5, 33, 32.5, 32, 31.5, 31, 30.

TIN—Gained ground following a rise in the Penang market and reflecting the general strength of copper. Forward metal moved up to £7,050 and quickly moved up to £7,090 before coming under profit-taking. However, in the afternoon prices rose afresh owing to covering against U.S. physical demand and a downturn in sterling with forward metal rising to £7,125 before closing at £7,100. Turnover, 2,000 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7190-90	+145	7210-30	+155
3 months	7090-100	+110	7150-60	+95
Settlem't	7190	+155	—	
Standard				
Cash	7140-5	+117½	7170-90	+127½
3 months	7075-80	+110	7110-20	+110
Settlem't	7145	+115	—	
Straits E.	‡$1840	+87	—	
New York	—			

Morning: Standard, cash £7,100, 20, 25, 40, 50, 40, three months £7,050, 60, 70, 75, 80. High Grade, cash £7,125. Kerb: Standard, three months £7,080, 85. Afternoon: Standard, three months £7,080, 90, 95, 7,100, 7,110, 05, 10, 15, 18, 20. Kerb: Standard, three months £7,125, 20, 7,100.

LEAD—Attained record levels following the sharp gains in copper, Eastern European inquiry, good physical demand and heavy stop-loss buying. Forward metal moved up strongly to touch £508 in the afternoon but eased marginally to close at £506 on the late kerb. Turnover, 15,275 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	533-5	+14½	533-7	+11
3 months	499-.500	+15	500-1	+8.25
Settlem't	535	+15	—	
U.S. Spot	—		*40.42	

Morning: Cash £528, 30, 32, 33, 34, three months £493, 93.5, 96, 98, 97, 98, 97, 98, £500. Kerb: Cash £535, three months £499, £500, £503. Afternoon: Three months £498, 97, 97.5, 98, 99, 98.5, 99, £502, £500. Kerb: Three months £505, 3, 4, 3, 2, 4, 4.5, 5, 4, 5, 7, 7.5, 8, 7, 6, 5.

ZINC—Slightly firmer and buoyed up by the trend in other metals. After moving ahead to £381 on the pre-market forward metal encountered profit-taking which depressed the price to £376.5 prior to a rally which left it at £379.5 on the late kerb. Turnover, 4,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	365.5-6	+8	366.5-7.5	+7.25
3 months	378-9	+8	379-80	+7.75
S'ment	366	+8	—	
Prim.west	—		*36	

Morning: Cash £365, 65.5, three months £377.5, 77, 78.5, 76, 78, 78.5. Kerb: Three months £378, 78.5, 79. Afternoon: Three months £377, 78, 79. Kerb: Three months £381, 81.5, 80.

ALUMINIUM—Higher in line with other metals. Forward metal moved ahead to close at £672 on the late kerb. Turnover, 4,900 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	666-7	+11	668.5-70.5	+8
3 months	668-.5	+10½	671-2	+7

Morning: Cash £662, three months £664, 64.5, 66, 65, 65.5, 66, 66.5, 67, 68, 68.5. Afternoon: Three months £667, 70, 71, 70.5, 71, 72.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 1.6p an ounce lower for spot delivery in the London bullion market yesterday at 334.8p. U.S. cent equivalents of the fixing levels were: Spot 664.4c, down 6.7c; three-month 678.1c, down 8.0c; six-month 690.7c, down 6.5c; and 12-month 714.0c, down 5.4c. The metal opened at 334.7-335.70p (663½-665c) and closed at 334½-335½p (662-663½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	334.8p	-1.6	334.65p	-1.35
3 months	344.1p	-1.6	344.1p	-1.55
6 months	352.5p	-1.4	—	......
12 months	368.1p	-1.2	—	......

LME—Turnover 318 (623) lots of 10,000 ozs. Morning: Three months 344.6, 44.7, 44.9, 44.8. Kerb: Three months 344.8, 44.9, 44.7. Afternoon: Three months 342.2, 42.3, 42.4, 43, 43.3, 43.5, 44, 44.3, 44, 44.1, 44.2, 44. Kerb: Three months 344.7, 44.3, 44, 44.1, 44.2, 44.3, 44, 43.9, 43.7, 43.5, 43.3.

COCOA

Cocoa futures eased £30 initially during a featureless day before profit-taking rallied prices during late dealings to close overall £16 lower than last night's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1888.0-88.5	-6.5	1890.0-64.0
May	1727.0-28.0	-11.0	1756.0-07.6
July	1757.5-58.0	-9.5	1765.0-38.6
Sept	1785.0-88.0	-11.5	1795.0-72.6
Dec	1835.0-39.0	-7.5	184.0-20.6
March	1865.0-67.0	-5.25	1865.0-50.0
May	1875.0-1900	-4.75	1880.0

Sales: 4,559 (3,885) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Jan. 31: 152.62 (157.20). Indicator price for Feb. 1: 15-day average 161.48 (162.81); 22-day average 165.61 (167.05).

COFFEE

The market failed to consolidate its previous night's gains and opened around £15 lower on an irregular tone, Drexel Burnham Lambert reported. However, persistent trade buying during the afternoon kept prices on a steady footing. Good Commission House buying on the close saw the market reach the day's highs between £5-17 higher than the previous close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1426-1429	+17.0	1430-1398
May	1305-1306	+17.0	1307-1276
July	1246-1247	+14.0	1248-1210
September	1185-1187	+15.5	1186-1155
November	1151-1158	+8.0	1150-1115
January	1121-1154	+19.0	1130-1090
March	1106-1111	+11.0	1107-1095

Sales: 5,767 (5,481) lots of 5 tonnes.

ICO indicator prices for Jan. 31 (U.S. cents per pound): Colombian Mild Arabicas 148.00 (150.50); unwashed Arabicas 138.00 (same); other Mild Arabicas 124.00 (121.00); Robustas ICA 1976 134.00 (same); Robustas ICA 1968 134.50 (same). Daily average 130.78 (130.98).

GRAINS

LONDON FUTURES (GAFTA)—Old crop wheat started on a firm note rising 50p on speculative buying and short covering but then commercial selling eased prices back finishing the day 10p up. Old crop barley initially rose 30p but again shipper selling eroded the gains and values ended the day 5/10p down. *New crops followed* a similar pattern moving up 20/30p on short covering but then losing 40p on trade selling only to rally 20/25p on the close, finishing the day unchanged on barley and 10p up on wheat. Acli reports.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Mar.	93.30	+1.18	87.50	-0.05
May	96.30	+0.10	90.05	-0.10
Sept.	90.30	+0.10	84.25	......
Nov.	93.30	+0.10	87.25	......

Business done—Wheat: March 93.70-93.30, May 96.65-96.30, Sept. 90.50-90.50, Nov. 93.50-93.10. Sales 214. Barley: March 87.85-87.50, May 90.40-90.05, Sept. 84.50-84.20, Nov. 87.50-87.00. Sales 232.

HGCA—Location ex-farm spot prices. Other milling wheat: N. Lincoln 81.70. Feed barley: N. Lincoln 84.90, Hants and W. Sussex 83.10.

The UK *monetary coefficient* for the week beginning February 5 will remain unchanged.

IMPORTED—Wheat: CWRS No 1 13½ per cent unquoted. U.S. Dark Northern Spring No 2 14 per cent mid-Jan/mid-Feb. 92.75, March 90.50, transhipment East Coast. U.S. Hard Winter 13½ per cent mid-Jan./mid-Feb. and March 87.25 transhipment East Coast. EEC unquoted. Maize: U.S./French Feb. 108.75, March 109.75 transhipment East Coast. S. African White second half Feb./first half March 73 cif Glasgow. S. African Yellow second half Feb./first half March 73 cif Glasgow. Barley: English feed fob Feb. 9½, March 92 April/June 93.50, East Coast. UK Feb. 91 April/June 93.50 paid.

EEC IMPORT LEVIES—The following levies and premiums are effective for Feb. 2 in order of current levy plus March, April and May premiums (with previous in brackets) all in units of account per tonne. Common wheat: 87.29, nil, nil, 5.45 (87.29, nil, nil, 5.14). Durum wheat: 134.52, rest nil (134.52, rest nil). Rye: 87.89, nil, nil, 5.48 (87.89, nil, nil, 5.49). Barley: 95.02, rest nil (95.02, rest nil). Oats: 92.44 rest nil (29.44, rest nil). Maize (other than hybrid for seeding): 80.10, 0.91, 6.21, 1.22 (80.10, 0.61, 6.61, 1.22). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 75.92, 1.83, 1.83, 1.83 (75.92, rest nil). Grain sorghum: 80.79, 4.56, 4.53, 4.55 (80.79, 4.56, 4.53, 5.17). Flour Levies: Wheat or Mixed wheat and Rye flour: 133.84 (133.84). Rye flour: 134.67 (134.67).

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 142 tonnes. Few dealings occurred with only limited offtake. Scattered operations were directed towards Middle Eastern qualities.

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	128.40-29.0		
April	125.40-25.2	-0.25	125.80-25.10
June	124.70-24.8	-0.15	125.00-24.50
August	123.60-23.7		
October	123.60-25.7		
December	123.50-23.5		
February	123.50-25.0	+0.30	—

Sales: 45 (95) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £96.00 (£95.00) a tonne cif for Jan.-Feb. shipment. White sugar daily price was fixed at £96.00 (£95.00).

The market opened slightly above kerb levels but later rallied sharply on Comex trade buying following rumours of substantial purchases of EEC whites by the USSR. However, New York quotations turned sharply easier late and by the close all the gains had been lost, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	106.75-06.80	105.10-05.15	106.90-05.95
May	107.55-08.00	106.40-06.50	108.00-06.40
Aug.	112.25-12.30	110.65-10.70	112.25-11.0
Oct.	114.85-14.95	113.80-15.75	115.00-15.75
Dec.	117.55-17.75	116.10-16.20	118.50-17.75
March	122.90-22.95	121.20-21.25	123.50-21.90
May	125.50-25.55	123.80-23.85	—

Sales: 4,431 (19) lots of 25 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £168.50 (£168.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 31. Daily 7.85 (7.42); 15-day average 7.50 (same).

WHITE SUGAR—Close (in order buyer, seller, business, sales): April 102.00, 102.25, 102.25-01.00, 52; July 108.50, 108.50, 108.00-08.50, 11; Spot. 114.50, 114.75, 114.75-12.50, 44; Nov. 119.50, 120.00, nil, nil; Feb. 125.80, 127.00, nil, nil; April 130.10, 132.00, nil, nil; July 134.00, 137.00, nil, nil. Sales: 107.

WOOL FUTURES

BRADFORD—Prices for tops were a little firmer. This is partly because of a slightly improved demand and partly due to firmer prices for wool in primary markets.

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Micron Contract: March 352.2, 353.5, 353.0-352.2, 58; May 359.6, 360.0, 359.5-359.0, 26; July 363.5, 364.5, 364.0-363.5, 12; Oct. 368.0, 366.5, 367.0-366.0, 6; Dec. 369.3, 370.0, 370.0-370.0, 9; March 373.8, 374.0, 374.0-374.0, 20; May 376.0, 376.5, 376.0-376.0, 1; July 378.6, 378.5, 378.5-378.0, 4. Sales: 135.

LONDON GREASY—Close (in order seller, buyer). March 217, 214; May 224, 217; July 225, 217; Oct. 238, 230; Dec. 240, 231; March 244, 234; May 245, 235; July 247, 236. Sales 10.

NEW ZEALAND CROSSBRED—Close (in order of seller, buyer). March 184, 180; May 187, 184; July 188, 184; Oct. 190, 187; Dec. 194, 190; March 195, 191; May 199, 193; July 199, 193. Sales nil.

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported the Malaysian godown price was 240 (239) cents a kilo (buyer, February).

Sales: Not available.

Physical closing prices (buyers) were: Spot 58p (57.5); March 59.75p (58.75); April 60.25p (59.25).

★

HIDES—Manchester: Extremely firm. Second clear ox 31-35.5 kilos 77.5p a kilo; 26-30.5 kilos, 85.3p; 22-22.5 kilos, 96.2p. Light cows, 94.4p a kilo.

SEAGER—M/c No. 10 — — — — —

★

GRIMSBY FISH—*Supply moderate, demand moderate.* Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£4.40, codlings £2.70-£3.50; large haddock £4.50-£5.50, medium £4.50-£4.90, small £3.30-£4.60; large plaice £3.40-£3.80, medium £3.60-£3.80, best small £3.20-£3.60; large skinned dogfish £9.00, medium £6.80; large lemon soles £9.20, medium £8.20; rockfish £2.20-£2.60; reds £1.80-£2.20; saithe £2.80-£3.40.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Feb. 1 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cts)	$1,290/135		$1,255/65
Copper cash W Bar	£913.5	+8.5	£766.75
3 months do. do.	£928.25	+7.0	£785.75
Cash Cathode	£905	+14.5	£757.5
3 months do. do.	£918.5	+13.5	£776.25
Gold troy oz	$239.125	+3.5	$172.375
Lead Cash	£536	+11.0	£457
3 months	£500.5	+8.75	£453.75
Nickel	—		—
Free Market (cif)(lb)	$1.68 / 1.85	+0.04	$1.63 / 1.76
Platinum troy oz	£164.5		£153
Free Market	£184.45	-1.55	£156.85
Quicksilver (76 lbs.)	$200/210	-5.0	$175/185
Silver troy oz	334.8p	-1.6	307.3p
3 months	344.1p	-1.6	316p
Tin cash	£7,180	+127.5	£6,882.5
3 months	£7,115	+111.5	£6,771.75
Tungsten (22.04 lbs)	$144.89		$145.64
Wolfram 22.04 lb cif	$141/145		$141/145
Zinc cash	£366.25	+7.0	£343.5
3 months	£379.5	+7.75	£350.5
Producers	$760		$720
Oils			
Coconut (Phil)	$1,000y		$925
Groundnut			
Linseed Crude	£368y	-4.0	£346
Palm Malayan	$647x	+6	$612
Seeds			
Copra Philip	$685x		$690
Soyabean (U.S.)	$290s	-1.6	$282
Grains			
Barley			
Home Futures	£90.05	-0.1	£86
Maize			
French No. 3 Am	£108.75t		£107.25
Wheat			
No. 1 Red Spring	‡		£97.25
No. 2 Hard Winter	£87.25r		£84.85
English Milling †	£96s		£95.5
Other Commodities			
Cocoa Shipment	£1,793	-11.0	£1,892.5
Future May	£1,727.5	-11.0	£1,942½
Coffee Future			
May	£1,365.5	+17.8	£1,349
Cotton 'A' Index	75.45c	-0.35	72.45c
Rubber kilo	60p	+1.5	55.25p
Sugar (Raw)	£96	+1.0	£95
Wooltops 64s (kilo)	268p		270p

* Nominal. † New crop. ‡ Unquoted. *n* Jan.-March. *q* Jan.-Feb. *r* Feb.-March. *s* March. *t* Feb. *v* March-April. *w* April. *x* Per ton. *z* Indicator.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 57.6 to 60.0, Eire hindquarters 61.0 to 64.0, forequarters 44.6 to 48.6.

Lamb: English small 64.6 to 64.0, medium 52.0 to 60.0, heavy 48.0 to 56.6. Scottish heavy 48.0 to 56.0.

Pork: English, under 100 lbs 36.5 to 46.0, 100-120 lbs 38.5 to 45.0, 120-180 lbs 35.0 to 43.6.

Partridges: Young (each) 180.0 to 200.0.

Pheasants: Best (per brace) 300.0.

MEAT COMMISSION—Average fatstock prices at representative markets on February 22. GB Cattle 72.48p per kg lw. (+0.24). UK sheep 140.8p per kg est.d.c.w. (+1.0). GB pigs 61.0p per kg l.w. (−2.7). England and Wales: Cattle numbers up 1.8 per cent, average price 72.86p (+0.08). Sheep numbers down 12.3 per cent, average price 141.4p (+1.4). Pig numbers up 0.2 per cent, average price 61.0p (−2.7). Scotland: Cattle numbers down 19.3 per cent, average price 70.81p (+0.42). Sheep numbers up 40.2 per cent, average price 126.6p (−1.3).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian: 120's 4.25-4.50; Cyprus: Trays *4.00-4.50, boxes 80/180's 4.00-7.00;* Spania: Trays 30/40/45 1.80-2.00. Oranges — Spania: Navels/Navelinas 3.60-4.50; Israeli: Shamouti 3.75-4.85; Cyprus: 3.60-4.20; Moroccan: Navels 3.50-4.10. Sevilles—Spanish: 4.80. Clementines—10 kilos Corsican: 2.00-3.00; Spania: 3.50-4.50. Satsumas—*Spania: Trays 2.50-3.20. Grapefruit—*Texas: Red Blush 4.50-4.60; Cyprus: 2.40-3.80; Israeli: Jaffa 27/88 3.45-4.05. Apples—French: Stark Crimson 40-lb 138/163's 4.60-5.20. Golden Delicious 20-lb 72's 2.30-2.60, 84's 1.90-2.00, 40-lb 138/175's 4.00-4.40; jumble pack, Golden Delicious per pound 0.80, Granny Smith 20-lb 72's 2.50, 84's 1.90-2.00, large boxes 138/150/163 4.20-4.80, jumble pack per pound 6.08-6.10. Pears—Italian: Passacrassane per pound 0.13. Apricots—S. African: Per pound 0.40-0.45. Plums—S. African: Per pound Santa Rosa 0.40-6.45, Methley 0.30-0.35. Bananas—Jamaican: Per pound 0.16. Grapes—Spanish: Almeria 2.50-2.80, Negri 3.60-3.80; Californian: Red Emperor 20/23-lb 8.50-9.00; S. African: Alphonse carton 10.00. *Avocados—Israeli:* 3.70-3.80. *Melons—*Spanish: Green 15-kilo boxes 12/15's 11.50; Peruvian: Green 12/15 16.00. Onions—Spanish: 5.00-5.30; Dutch: 1.80-2.40. Tomatoes—Spanish: 1.00-2.00; Canary: 3.00-4.00. Cucumbers—Canary: 10/12's 2.40-2.60; Spanish: 10/16 1.80. *Cauliflowers—*French: 24's 9.50-10.00; Italian: 18's 4.80. Lettuce—Dutch: 24's 4.00; French: 12's 1.90. Celery—Spanish: 15/36's 4.30-6.00. Potatoes—Italian: Boxes 20-lb 3.40; Canary: 12½ kilos 4.00. Dates—Algerian: Per glove box 0.38-0.43; Californian: Tubs 0.30.

English produce: Potatoes—Per 25 kilos 1.50-1.80. Lettuce—Per 12 round 1.90-2.00. Mushrooms—Per pound 0.65-0.70. Apples—Per pound Bramley 0.04-0.12, Cox's Orange Pippin 0.06-0.15, Spartan 0.05-0.09. Pears—Per pound Conference 0.09-0.14, Comice 0.18-0.22. Cabbages—Per net 1.60. Beetroot—Per 28-lb 0.80. Carrots—Per 28-lb 0.60-1.20. Onions—Per bag 1.80-2.30. Rhubarb—Per pound 0.20. Swedes—Per 28-lb 1.00-1.20. Turnips—*Per 28-lb 1.00-1.20. Parsnips—Per 28-lb* 1.20-1.36. Sprouts—Per pound 0.08-6.16.

AMERICAN MARKETS

NEW YORK, Feb. 1. †Silver—Feb. 668.90 (670.00), March 671.80 (675.50), April 675.20, May 678.50, July 685.80, Sept. 693.00, Oct. 706.40, Jan. 709.80, March 718.00, May 727.60, July 734.80, Sept. 742.50, Dec. 755.40. Handy and Harman spot bullion 668.00 (673.00).

CHICAGO, Feb. 1. Lard—Chicago loose 24.50 (same). New York prime steam 26.00 traded (26.00 nom.).

Live Cattle—Feb. 64.40-64.47 (65.57), April 65.80-65.20 asked (66.70), Aug. 63.30-63.15, Oct. 63.80-63.50, Dec. 64.52-64.80 bid, Jan. 65.42, Feb. 65.85, April 67.00, June 67.80. Sales: 20,293.

Live Hogs—Feb. 54.15-54.25 (54.30), April 50.50-50.60 (51.12), June 52.15-52.95, July 52.15-52.20, Aug. 49.50, Oct. 46.70 asked, Dec. 47.50, Feb. 47.40 bid, April 45.40 asked. Sales: 7,624.

Pork Bellies—Feb. 64.60-64.50 (63.76), March 63.70-63.50 (63.15), May 64.25, July 63.50-64.00, Aug. 61.50-60.60. Sales: 6,062.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Feb. 1. Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent, March $155, U.S. No. 2 Red Winter wheat ordinary Feb.-March $154.

Maize—U.S. No. 3 Corn Yellow afloat $122, Jan. $121, Feb. $119, March $119, April-June $117, July-Sept. $117, Oct.-Dec. $117.

Rye—U.S. No. 2/Canadian Western April-May $111.

Oats—Norwegian—Feb. $107, 2/46 U.S.—unquoted, U.S./Plate Feb. $92.50, Feb.-March $96, March-April $98. Swedish—Spot $95.60, 1/Canadian feed unquoted.

Sorghum—Argentina/U.S.—AFL $117, Feb. $118, March $118, April-June $107.50.

Barley—U.S. No. 3/Canadian feed—all unquoted.

Soyabeans—U.S. 2 Yellow Gulf/Ports—Feb. $283.25, March $285.75, May $288.25, June-July-Aug. $290.25, Sept. $290, Oct. $277.50, Nov. $272, Dec. $275, Jan. $278, Feb. $281.75, March $285 sellers. U.S./Brazil—unquoted. Lakes—unquoted. Argentine May $280, June $280.50, July $281.50 sellers.

INDICES

FINANCIAL TIMES

Jan. 31	Jan. 30	M'nth ago	Year ago
260.63	261.97	257.04	226.51

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 31	Jan. 30	Month ago	Year ago
Spot	376.16	377.01	382.31	347.66
F'tur's	369.29	372.07	382.24	530.65

(Average 1924-25-26=100)

MOODY'S

Jan. 31	Jan. 30	M'nth ago	Year ago
1010.9	1008.9	976.1	909.7

(December 31, 1931=100)

REUTERS

Feb. 1	Jan. 31	M'nth ago	Year ago
1415.9	1510.8	1495.9	1597.8

(Base: September 18, 1931=100)

New fishing zone delay

CANBERRA — The Australian Government has put off until at least April its "declaration" of the country's new 200-mile fishing limit.

Extension of the zone from its present 12 miles was to have been announced later this month.

A Government official explained that the delay had been caused by an unexpected volume of administrative work plus still the non-completion of negotiations with countries seeking aces to Australian waters.

Danish exports rise by 8.1%

DENMARK'S COMMODITY export rose by 8.1 per cent to Kr 65.3bn in 1978, according to official figures, writes Hilary Barnes in Copenhagen.

Imports rose by 2.2 per cent to Kr 81.4bn and the trade deficit declined from Kr 19.2bn to Kr 16.0bn.

Exports of livestock products rose by 17.3 per cent to Kr 11.4bn and exports of manufacturers by 7.2 per cent to Kr 42.8bn.

PUBLIC NOTICES

BEDFORDSHIRE COUNTY COUNCIL £4,000,000 Bills issue date 24.1.79. Applications maturing 25.4.79 at [illegible]. Applications totalled £27,000,000 and there are £4,000,000 Bills outstanding.

CITY OF BRADFORD METROPOLITAN COUNCIL Bills amounting to £1,500,000 were issued on 31 January 1979 for maturity on 2 May 1979 at a rate of 12[illegible]%. Applications totalled £12,000,000. Bills outstanding total £5,000,000.

EXHIBITIONS

Diverse trend continues with equities improving again but Gilts falling on interest rate and other worries

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Share prices yesterday again demonstrated an underlying resilience in the face of the still extremely unsettled labour front and increasing fears for interest rates and, to a lesser extent, sterling. But not so the Gilt-edged sector which continued in uneasy fashion with the longer maturities, in particular, losing fresh ground following stronger views that Minimum Lending Rate will soon have to rise.

An early manoeuvre by dealers to lower prices of leading shares in order to tempt a few sellers succeeded only in drawing in buyers and a squeeze began on short positions which, measured by the FT 30-share index, brought a rise of 2.2 at noon after a fall of 1.4 at the first, 10 am, calculation. In the afternoon, lack of any follow-through buying interest caused values to drift back—the index settled a net 0.8 higher at 468.5—numerous exceptions which included the bulk of secondary stocks.

Of the individual markets, Properties continued in vogue in response to Press recommendations on the heels of several brokers' circulars favouring investment in the sector. Institutional funds were also directed to Foods and a shortage of stock contributed to many gains in prices; the demand in the sector reflected, in part, rationalisation hopes which also contributed to another lively trade in Plantations.

The problems currently weighing on the British Funds were added to by a growing conviction that outside pressures will shortly force a rise in MLR. Once again, the heavier losses were sustained by the longs and, with stock still around in the inter-office trade, quotations in this area, settled at the day's lowest, some ½ down. Falls among shorts were slightly less, extending to ¼ in 1983 maturities.

Business in the investment currency was largely on institutional account and with sellers reluctant, the premium moved sharply higher to close 3½ points up at the day's best of 95½ per cent. Yesterday's SE conversion factor was 0.6729 (0.6798).

The volume of business in Traded Options reached record levels yesterday when the number of contracts done totalled 1,351, slightly more than the previous peak of 1,346 reached on September 14. The bulk of the trade was done by mid-day when 1,148 deals were transacted. RTZ, inspired by the surging price of copper on the metal exchange, attracted 398 deals; prices of the group's May 260 and 280 series rose 8 to 34p and 6½ to 22½p respectively.

Caledonian Holdings, which made its market debut on Wednesday, jumped 12 to 84p before settling 11 up on balance at 83p to equal the value of the surprise bid from London and Midland Industrial which eased 5 to 98p.

Natwest better

Slightly more interest was shown in the major clearing banks ahead of the dividend season which Lloyds starts on February 16. NatWest led the movement with a rise of 7 to 295p. Scattered buying among Merchant banks left gains of 4 and 5 respectively in Mercury Securities, 125p; and Hill Samuel, 87p.

Insurances moved higher with the general trend with Lloyds Brokers particularly prominent. C. E. Heath rose 10 more to 240p and Willis Faber added 7 to 237p.

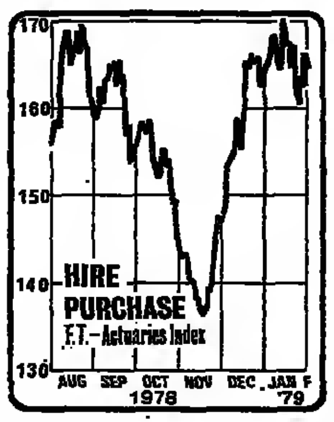
Certain building material issues displayed useful gains on selective demand in a market none too well supplied with stock. Blue Circle advanced 6 to 267p and Redland, following the Treasury's consent for a 50 per cent hike in dividend because of the company's $25m bond issue, firmed 5 to 171p, after 172p. Tarmac rose 7 to 172p, while Magnet and Southerns put on 5 to 125p. In thin market, Brown and Jackson gained 15 for a two-day rise of 25 to 280p. Johnson-Richards Tiles added another 4 to 138p, while respective suitors Armitage Shanks eased a penny to 50½p and Norcros hardened ½ to 90½p.

Among Chemicals, Allied Colloids attracted good business and finished 6 up at 91p and Fisons firmed a like amount to 133p.

Northern Gold good

Secondary Stores remained in demand and further good gains were recorded. Persistent buying in a thin market prompted a rise of 6 to 88p, after 90p, in Northern Goldsmiths, while mail-order concern Freemans appreciated 8 to 118p and Bolton Textile put on 3½ more to 24p. Bambers, a firm market of late, reacted 6 to 144p on profit-taking. Of the leaders W. H. Smith A were notable for a rise of 7 to 141p.

Interest in the Electrical sector centred chiefly on secondary issues where some useful gains were recorded. Farnell advanced to 418p before settling 12 up on balance at 415p. Electro Components, 332p, and Eurotherm, 240p, moved up 8 and 7 respectively, while Bowthorpe firmed 4 to 79p and Highland 3 to 59p. Against the trend, Wholesale Fittings, a particularly good market of late, encountered profit-taking following the interim figures and closed 7 lower at 243p, while Louis Newmark fell 10 to 215p on the profits warning which accompanied the half-yearly results.



A subdued day's trading in the Engineering leaders left prices with small irregular movements at the close. Yarrow, up 20 further at 337p, continued to benefit from news that Vosper has increased its holding in the company to nearly 23 per cent; Vosper were also firm at 203p, up 5. Fresh buying interest was shown in Alcan Aluminium, 7 to the good at 146p, and in Williams and James, 4 higher at 147p. Favourable Press comment lifted Whessoe 5 to 99p, while revived bid speculation prompted a lively business in Baker Perkins which advanced 15 to 165p, with the new shares 10 up at 40p premium. Dealings were resumed in Dartmouth Investment at 24p, compared with the suspension price of 19½p, following the agreed bid of 25p cash per share from Harsco Corporation.

Leading Foods attracted increased interest with J. Sainsbury 3 up at 240p and Associated Dairies 6 to the good at 196p. Elsewhere, Avana put on 5½ to 99½p on hopes that Northern Foods, 2 better at 103p, might launch a full-scale bid. Morgan Edwards hardened 2 to 39p in response to Press comment, while speculative demand prompted a gain of 3 to 38p in Louis C. Edwards.

Trust Houses Forte touched 275p on the better-than-expected annual profits and 100 per cent scrip issue before closing 3 up at 270p.

Trafalgar House up

Miscellaneous Industrial leaders took the previous day's gains a stage further largely on technical influences. Reflecting the current strength of Properties, Trafalgar House added 6½ to 86p, while Unilever rose 10 to 638p and Reckitt and Colman put on 5 to 465p. The completion of the sale of a Canadian subsidiary to Domtar helped Reed International close 6 to the good at 165p. Elsewhere, renewed speculative buying on bid hopes left Aeronautical and General Instruments up 12 more at 130p, after 135p. Sothebys rose 18 to 393p on a persistent investment demand. Still reflecting the chairman's optimistic remarks at the annual meeting, ICL put on 10 further to 460p while Glass and Metal revived with a gain of 10 to 100p. Other improvements within a band of 5 and 8 were seen in AGB Research, 137p, Amalgamated Metal, 330p, BB and EA, 52p, J. Dykes, 59p, Grippermods, 80p, and IC Gas, 370p. Longton Transport firmed a penny to 78p in response to the results. By way of contrast, Dufay Bitumastic touched 40p before closing 5 down on the day at 44p after the decision by Camrex to withdraw its cash offer worth 50p per share.

Motors met with a two-way business and generally traded within narrow limits. Rolls Royce eased 3 to 88p following withdrawal of support, while in contrast, Peak, recently dull after criticism of the proposed sale of its electronic interests, added a penny at 9p. Glanfield Lawrence encountered profit-taking after Wednesday's sharp rise and eased 3 to 50p.

Steady at 42½p during the House session, English Property moved up 2 to 44½p in after-hours' dealings; the announcement that Eagle Star has submitted proposals which may lead to a cash offer was released later in the evening. Other Properties continued to draw strength from further publicity given to brokers' circulars highlighting the sector's investment potential. Stock Conversion touched 310p before ending to 306p, up 6 on balance, while Land Securities and MEPC added 3 piece to 257p and 157p respectively. Haslemere issues attracted a fair amount of interest, the Ordinary shares firming 4 to 250p and the new nil paid shares 3 to 31p premium. Chaddesley gained 6 to 73p, while rises of 3 were seen in Brixton Estates, 123p, and Slough Estates, 136p. Imry were also firm at 430p, up 12.

Oil leaders higher

Trading in the Oil leaders was reasonably brisk and, despite closing a few pence below the best, the underlying tone at the close remained firm. British Petroleum touched 916p before settling at 914p for a rise of 8, while Shell ended 6 better at 578p, after 580p. Secondary issues, however, turned dull after the previous day's flurry of activity, Siebens (UK) reacting 8 to 236p and Oil Exploration 6 to 218p.

Among Overseas Traders, Sime Darby advanced 4 to 117p. Tozer Kemsley continued to be adversely affected by the withdrawal of the BMW franchise, slipping 2 to 46p. Publicity given to the annual results helped Lonrho gain a penny to 67p.

Small gains predominated throughout the Trust sector, while Kitchen Taylor, up 9 at 113p in a thin market, stood out in Financials.

Small buying in restricted markets led to selected Textiles showing useful gains. Sirdar were again wanted, adding 4 to 104p, while similar rises were seen in Parkland "A," 74p, and Small and Tidmas, 57p, the latter attaining a 1978-79 high.

Increased London interest left secondary Plantations on a firmer footing as dealers attempted to attract business. Castlefield, with the AGM due today, rose 6 for a two-day gain of 23 to 283p. Other useful rises included Bertams, 8 better at 125p, Hongkong Selangor, 15 up at 280p, and Harrisons Malaysian Estates, 4 harder at 135p. Following the sale of it's stake in Tannergate to Bovis for £1.7m, Rosehaugh closed 5 to the good at 90p, after 92p.

Further rise in RTZ

A fresh surge in metal prices on the London Metal Exchange prompted a strong demand for base-metal producers.

The London-registered Financials were featured by Rio Tinto-Zinc which advanced 7 more to 280p, after a 1978-79 high of 283p following a heavy turnover which put them in second place in our list of active stocks. Charter Consolidated added 4 to 156p, while Gold Fields rose a similar amount to 202p.

Overseas-based base-metal miners were additionally boosted by a rise in the investment currency premium. Roan Consolidated Mines advanced 10 to 93p, Palabora a like amount to 570p and Messina 3 to 96p.

The boom in base-metal prices caused a sharp upturn in overnight Sydney and Melbourne markets and prices here moved ahead accordingly.

Gains ranging from 5 to 9 to new 1978-79 highs were seen in BH South, 139p, MIM Holdings, 267p, Mount Lyell, 74p and Pacific Copper, 100p. The more speculative issues also attracted a good demand with Otbuin 3 better at 30p and Paringa 2 firmer at 22½p.

A feature of trading in Golds was a persistent Continental demand for selected issues, although this tended to dry up in the afternoon. Heavyweights usually showed gains of ½ while in medium priced issues Southvaal were 14 better at 485p and Kloof 16 up at 612p.

The developing mines again found support with new 1978-9 highs being registered by Elandsrand, 8 firmer at 291p and Deelkraal, 2 harder at 131p. In the marginal producers Vlakfontein were outstanding at 13 to 56p and South African Land 5 to 77p.

The higher investment premium lifted South African Financials but trading was subdued. Anglo-Vaal rose 50 to a 1978-9 high of 975p and De Beers edged up 6 to 444p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

For rate indications see end of Share Information Service

Stocks favoured for the call included Burmah, English Property, Kitchen Queen, Spillers, House of Fraser, Robert Kitchen Taylor, Cons. Plants., British Car Auctions, Guthrie, Ultramar, W. L. Pawson and Bolton Textile A. Put was dealt in Burton Warrants, while doubles arranged included English Property, Cons. Plants. Warrants and Maurice James.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	66	8
Corpns. Dom. and Foreign Bonds	6	9	49
Industrials	487	158	874
Financial and Prop.	189	23	296
Oils	6	11	21
Plantation	16	1	15
Mines	77	10	52
Recent Issues	10	2	14
Totals	797	279	1,330

FINANCIAL TIMES STOCK INDICES

—	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 26	Jan. 25	A year ago
Government Secs.	66.04	66.37	66.59	66.54	66.56	66.47	75.66
Fixed Interest	67.74	67.93	67.96	67.98	68.57	68.58	79.16
Industrial	468.5	467.7	466.0	463.3	465.0	461.9	460.5
Gold Mines	166.8	165.3	167.2	168.2	167.6	171.0	153.7
Gold Mines (Ex-$ pm)	112.2	112.4	113.0	113.7	113.3	116.8	115.9
Ord. Div. Yield	6.14	6.15	6.19	6.22	6.19	6.24	5.81
Earnings Y'ld % (full)	16.06	16.11	16.20	16.28	16.21	16.53	17.71
P/E Ratio (net) (*)	8.06	8.05	8.01	7.96	8.00	7.94	8.00
Dealings marked	4,085	4,293	4,555	4,267	3,904	5,561	6,122
Equity turnover £m.	—	56.24	86.92	57.15	78.91	73.48	25.23
Equity bargains total	—	11,657	13,545	12,415	12,922	11,276	13,058

10 am 466.3. 11 am 468.8. Noon 469.9. 1 pm 468.1. 2 pm 468.1. 3 pm 468.2.
Latest Index 01-246 8026.
*Nil = 7.85
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	66.04 (1/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	67.74 (1/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	159.5 (14/8/78)	90.5 (18/4/78)	337.1 (3/4/74)	54.5 (25/6/76)

S.E. ACTIVITY

	Feb. 1	Jan. 31
—Daily		
Gilt Edged	121.9	127.0
Industrials	139.6	150.1
Speculative	55.5	46.1
Totals	98.9	97.7
5 d'y Av'r'ge		
Gilt Edged	128.8	197.2
Industrials	142.9	138.4
Speculative	50.6	50.7
Totals	96.1	94.1

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (102)
FOREIGN BONDS (3)
CANADIANS (1)
BUILDINGS (1)
CHEMICALS (1)
DRAPERY & STORES (6)
ELECTRICALS (3)
ENGINEERING (10)
FOODS (3)
HOTELS (1)
INDUSTRIALS (17)
LEISURE (1)
MOTORS (2)
PROPERTY (19)
SHIPPING (2)
TEXTILES (3)
TRUSTS (5)
OVERSEAS TRADERS (4)
RUBBERS (1)
MINES (16)

NEW LOWS (59)
BRITISH FUNDS (51)
[illegible] '80-82 Treas. 12pc 1995
[illegible] 1982 Gas 3pc '90-95
[illegible] 1982 Exch. 10¼pc 1995
[illegible] 1983 Treas. 12¾pc 1995
[illegible] 1983 Treas. 9pc '92-96
Exch. 10pc 1983
Funding 5½pc '82-84
Exch. 12¼pc 1985
Treas. 8½pc '84-86
Funding 6½pc '85-87
Treas. 7¾pc '85-88
Transport 3pc '78-88
Treas. 5pc '86-89
Treas. 13pc 1990
Treas. 8¼pc '87-90
[illegible]
Treas. 15¼pc 1996
Exch. 13¼pc 1996
Treas. 13¾pc 1997
Exch. 10½pc 1997
Treas. 8¾pc 1997
Treas. 6¾pc '95-98
Treas. 15½pc 1998
Exch. 12pc 1998
Treas. 9½pc 1999
Treas. 10½pc 1999
[illegible]
LOANS (2)
ICFC 7¼pc A Deb. '91-94
ICFC 5½pc Loan '92-97
CANADIANS (1)
Can. Pacific 4pc Deb.
ENGINEERING (2)
Renold Weeks Assoc.
PAPER (1)
Brunning Res. Vtg.
SHIPPING (1)
Ocean Transport

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport	25p	14	578	+ 6	602	484
RTZ	25p	12	280	+ 7	282	164
Trust Hses. Forte	25p	11	270	+ 3	270	166
Avana	5p	8	99½	+ 5½	88½	28½
BAT Industries	25p	8	306	+ 1	346	260
Beecham	25p	8	615	+ 2	726	581
BP	£1	8	914	+ 8	954	720
ICI	£1	8	356	− 1	421	328
Allied Colloids	10p	7	91	+ 6	91	61
Commercl. Union	25p	7	145	+ 2	164	132
Cons. Gold Flds.	25p	7	202	+ 4	204	163
Courtaulds	25p	7	111	—	131	109
Grand Met.	50p	7	118½	+ 0½	121	87
ICL	£1	7	460	+10	487	206
Imperial Group	25p	7	87	+ 1	89	71½

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	850	83	—	102	1	120	—	913p
BP	950	19	1	40	—	60	—	"
BP	1000	5	25	12	5	—	—	"
Com Union	140	12	4	16	—	19	—	146p
Cons Gold	180	22	57	31	8	38	—	198p
Cons Gold	200	12	84	18½	18	26	—	"
Courtaulds	110	2	—	11	—	13	—	111p
Courtaulds	120	3½	2	5½	—	8½	—	"
GEC	260	75	4	—	—	—	—	325p
GEC	280	54	1	—	—	—	—	"
GEC	300	37	22	50	—	56	—	"
GEC	330	16½	12	30	2	38	—	"
GEC	360	6½	17	15½	9	—	—	"
Grand Met.	100	20	10	23	60	26	—	118p
Grand Met.	110	11	0	14½	50	17	—	"
Grand Met.	120	4½	41	8½	10	10½	—	"
ICI	330	31	6	43	10	51	—	356p
ICI	360	13	6	25	—	31	—	"
ICI	390	4	—	12	—	17	8	"
ICI	420	1½	7	5½	—	—	—	"
Land Secs	240	26	3	33	10	40	—	257p
Land Secs	260	9	69	12	—	27	—	"
Marks & Sp	70	19	8	21	1	—	—	86p
Marks & Sp	100	1½	1	—	—	—	—	"
Shell	550	43	25	56	1	68	—	580p
Shell	600	9	40	26	18	37	11	"
Totals			428		181		13	
		February		May		August		
BOC Intl.	60	10	—	13½	10	14½	—	69p
BOC Intl.	70	2	—	5½	2	6½	—	"
Boots	200	2	53	10	22	15	—	190p
EMI	130	10	—	14	50	18	35	138p
EMI	140	3	10	10	5	12	—	"
EMI	160	¼	—	5½	1	2	—	"
Imperial Gp	80	7½	135	2	—	10	15	87p
Imperial Gp	90	1	—	2½	—	5	9	"
RTZ	220	59	10	65	—	69	—	279p
RTZ	240	38	15	47	—	52	2	"
RTZ	260	20	64	55	37	38	20	"
RTZ	220	8½	129	21	65	26	52	"
Totals			414		175		140	

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1972/79 High	1972/79 Low	Stock	Closing Price p	+ or −	Div. p or Amount	Times Covered	Gross Yield	P.E. Ratio
‡50¾	F.P.	—	67	59	Arlen Electrical	67	......	b4.5	1.9	10.7	7.6
A$0.50	F.P.	—	22	21	Ashton Mining 50c.	72	......	—	—	—	—
85	F.P.	—	84	62	Caledonian Hldgs.	83	+11	b4.75	2.5	8.9	2.9
—	F.P.	—	30	27	Gosforth Ind. 10p	29	+1	2.0	—	10.3	—
155	F.P.	10/1	187	170	Harris Queensway 20p	181	+6	r7.8	3.1	6.4	7.5
**	F.P.	16/2	132	112	Hunting Assoc. Defd.	125	+3	—	—	—	—
—	F.P.	—	104	98	††IAS Cargo Airlines	101	+3	P2.2	3.7	4.1	(10.8)
**	F.P.	9/9	34	31	M. Y. Dart Defd.	31	......	—	—	—	—
110	F.P.	17/1	132	116	Mill'ts Leisure Shps 20p	131	......	b5.7	1.2	8.6	12.6

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1972/79 High	1972/79 Low	Stock	Closing Price	+ or −
££	F.P.	15/2	106p	105p	Assoc. Dairies 9¾% Pref.	106p	......
£	F.P.	25/1	100	99¾	Colne Valley Water 8% Red Prf 1983	100½	......
‡100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	98p	......
‡100	F.P.	5/1	125	102	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	125	......
—	F.P.	—	137p	112p	††IAS Cargo Airlines 6% Cnv. Pref. £1	134p	+4
¶	F.P.	1/5	101¼	101	Mid Kent Water 8% Pref. 1984	101¼	+¼
100p	F.P.	11/1	107p	100½p	Rivington Reed 9½% Cnv. Cum. Red. Pref.	105p	......
97½p	F.P.	6/1	99p	97½p	Seascope 10¼% Pref	97½p	......
**			98p	92p	Shaw Carpets 10% 2nd Cum. Pref £1	98p	......

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date		1978/9 High	1978/9 Low	Stock	Closing price p	+ or −
50	F.P.	19/1	16/2	78	27	Associated Biscuit	77	+1
125	Nil	—	—	41pm	29pm	Baker Perkins	40pm	+10
45	F.P.	2/12	9/2	58½	47	Foster (John)	54	......
220	Nil	—	—	51pm	18pm	Haslemere Estates	31pm	+3
105	Nil	—	7/2	29pm	19pm	Nell & Spencer	21pm	......
20c	Nil	—	—	55pm	24pm	Poseidon	27pm	−1
10	F.P.	22/1	25/2	17½	14½	Suter Electrical Defd.	16	......
12	Nil	—	—	8pm	5pm	Swan Ryan Intl.	6¼pm	−¾
26	F.P.	10/1	9/2	52	34	York Fine Woollen	37½	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Feb. 1, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Jan. 31 Index No.	Tues., Jan. 30 Index No.	Mon., Jan. 29 Index No.	Fri., Jan. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	232.04	+0.6	17.41	5.65	7.85	230.71	230.04	228.71	228.89	201.58
2	Building Materials (28)	206.19	+1.6	18.55	6.22	7.40	202.94	203.13	201.97	201.83	181.53
3	Contracting, Construction (28)	350.03	+0.4	22.12	5.16	6.49	348.80	347.65	345.98	343.55	321.99
4	Electricals (15)	545.15	+0.2	14.12	3.48	9.70	544.21	540.28	534.33	537.40	430.45
5	Engineering Contractors (12)	358.99	+0.8	18.71	6.30	7.22	356.03	354.70	353.92	353.72	286.61
6	Mechanical Engineering (73)	180.50	+0.4	18.37	6.15	7.26	179.73	179.21	178.89	178.81	158.92
8	Metals and Metal Forming (16)	160.81	+0.4	17.31	6.94	8.03	160.15	160.53	159.71	159.81	162.15
	CONSUMER GOODS										
11	(DURABLE) (53)	205.83	+0.5	17.13	5.26	7.80	204.74	206.16	203.06	204.01	185.50
12	Lt. Electronics, Radio, TV (16)	263.33	+0.6	14.38	3.97	9.77	261.81	262.08	259.36	260.69	223.27
13	Household Goods (12)	164.86	—	18.34	7.05	7.50	164.88	165.55	164.12	163.74	171.78
14	Motors and Distributors (25)	116.32	+0.6	22.00	7.27	5.71	115.68	116.08	114.87	115.50	112.58
	CONSUMER GOODS										
21	(NON-DURABLE) (170)	211.12	+0.7	16.51	6.10	8.01	209.74	208.78	206.83	206.45	190.15
22	Breweries (14)	229.67	−0.1	16.63	6.55	7.63	229.90	230.13	228.56	227.43	211.27
23	Wines and Spirits (6)	296.09	+0.4	15.69	5.03	9.36	294.92	296.09	294.16	293.65	238.53
24	Entertainment, Catering (17)	278.73	+0.6	15.71	6.61	8.43	277.11	274.97	273.15	272.03	245.58
25	Food Manufacturing (19)	199.16	+1.2	18.87	5.58	7.06	196.82	195.90	194.51	194.35	187.42
26	Food Retailing (15)	233.36	+1.5	13.63	5.04	10.20	230.02	228.48	227.07	227.02	185.38
32	Newspapers, Publishing (12)	381.48	+0.1	21.49	6.41	6.60	381.21	381.08	379.19	378.17	326.19
33	Packaging and Paper (15)	138.36	+1.4	18.23	7.62	7.10	136.43	136.60	133.55	132.41	126.24
34	Stores (40)	193.56	+0.5	12.57	4.92	11.41	192.56	191.54	190.74	191.12	176.90
35	Textiles (23)	176.55	+0.3	18.26	8.50	7.09	175.98	175.81	174.63	173.99	170.89
36	Tobaccos (3)	248.40	+0.6	22.94	7.95	5.10	247.02	243.53	236.46	235.37	222.27
37	Toys and Games (6)	92.95	+1.4	23.87	6.99	4.94	91.62	90.67	90.44	90.36	99.15
41	OTHER GROUPS (99)	195.55	+0.4	15.81	6.39	8.14	194.80	193.73	192.20	192.95	183.66
42	Chemicals (19)	276.23	+0.1	16.11	6.85	8.09	275.94	274.43	271.57	273.27	245.91
43	Pharmaceutical Products (7)	239.95	+0.4	11.58	4.85	10.46	239.05	236.23	234.91	236.83	243.00
44	Office Equipment (6)	127.57	+0.2	17.07	6.32	7.13	127.27	126.78	125.10	127.32	126.05
45	Shipping (10)	421.42	−0.7	14.35	7.21	8.84	424.43	426.74	425.98	422.63	452.38
46	Miscellaneous (57)	214.11	+0.9	18.12	6.73	7.28	212.16	211.28	209.82	209.52	195.05
49	INDUSTRIAL GROUP (494)	218.90	+0.6	16.61	5.99	7.98	217.67	216.83	215.06	215.21	197.48
51	Oils (6)	514.41	+1.0	13.58	3.91	8.01	509.53	505.48	499.78	502.56	435.40
59	500 SHARE INDEX	243.40	+0.6	16.14	5.67	7.99	241.89	240.79	238.71	239.06	217.46
61	FINANCIAL GROUP (115)	172.12	+1.1	—	5.66	—	170.31	169.49	168.18	167.57	161.17
62	Banks (6)	207.12	+1.2	22.75	5.69	6.59	204.61	204.70	203.11	202.73	180.83
63	Discount Houses (10)	211.59	+0.4	—	8.63	—	210.78	209.28	209.28	212.06	203.77
64	Hire Purchase (5)	164.61	−0.5	19.41	5.31	6.61	165.44	164.63	162.75	163.58	159.89
65	Insurance (Life) (10)	131.97	+0.2	—	7.12	—	131.77	131.63	131.18	131.09	137.87
66	Insurance (Composite) (7)	121.01	+1.0	—	7.25	—	119.78	118.37	118.19	117.58	125.02
67	Insurance Brokers (10)	309.96	+1.6	15.39	5.47	9.26	304.94	301.23	298.43	294.45	302.09
68	Merchant Banks (14)	80.95	+1.5	—	6.06	—	79.76	79.72	79.55	79.57	79.05
69	Property (43)	281.82	+1.3	3.75	2.88	42.68	278.14	276.66	271.30	269.43	236.06
70	Miscellaneous (10)	113.41	+0.6	19.73	6.95	6.29	112.79	112.61	113.17	113.63	105.33
71	Investment Trusts (111)	212.59	+0.4	—	5.01	—	211.75	211.25	210.92	210.37	185.69
81	Mining Finance (4)	120.29	+2.2	15.63	5.92	7.88	117.73	116.22	114.29	111.74	88.59
91	Overseas Traders (20)	323.88	+0.2	15.15	7.38	8.32	323.28	322.12	319.37	317.27	271.68
99	ALL-SHARE INDEX (750)	225.20	+0.7	—	5.67	—	223.62	222.60	220.77	220.70	201.46

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Feb. 1	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	103.47	−0.03	—	0.76
2	5-15 years	105.91	−0.40	—	0.89
3	Over 15 years	109.44	−0.39	0.17	1.37
4	Irredeemables	118.04	−0.46	—	0.00
5	All stocks	105.46	−0.24	0.06	0.99

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs., Feb. 1	Wed., Jan. 31	Year ago (approx.)
1	Low Coupons	5 years	10.36	10.30	7.62
2		15 years	12.10	12.04	9.82
3		25 years	12.90	12.85	10.38
4	Medium Coupons	5 years	13.55	13.49	9.94
5		15 years	13.56	13.50	10.88
6		25 years	13.56	13.50	10.92
7	High Coupons	5 years	13.58	13.53	10.62
8		15 years	14.10	14.05	11.71
9		25 years	14.09	14.03	11.74
10	Irredeemables		12.55	12.49	10.20

		Thur., Feb. 1 Index No.	Thur., Feb. 1 Yield %	Wed. Jan. 31	Tues. Jan. 30	Mon. Jan. 29	Fri. Jan. 26	Thur. Jan. 25	Wed. Jan. 24	Tues. Jan. 23	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.06	‡13.96	53.94	54.09	54.08	54.20	54.20	54.14	54.36	62.59
16	Investment Trust Prefs. (15)	49.85	14.08	50.12	50.12	50.12	50.76	50.76	50.70	50.70	57.13
17	Coml. and Indl. Prefs. (20)	70.82	13.31	71.14	71.14	71.25	71.49	71.49	72.14	72.14	77.80

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

AUTHORISED UNIT TRUSTS

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2. 01-606 2167

Great Winchester	18.0	19.6xd	...	4.94
Gt. Winchester O'seas	18.2	20.3xd	...	4.30

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	68.3	73.4	...	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(e)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.9	71.4	-0.6	4.38

Recovery	91.2	98.0xd	—	3.69
(Accum. Units)	95.1	102.2	—	3.69
Second Gen.	178.1	193.2xd	+0.5	5.30
(Accum. Units)	275.7	299.1	+0.9	5.30
Smaller Companies	175.0	169.1	+1.1	4.10
(Accum. Units)	225.7	240.5	+1.4	4.10
Specialised Funds				
Trustee	148.5	156.8	+0.9	6.65
(Accum. Units)	295.4	311.6	+1.8	6.65
‡‡Charibond Jan. 30	103.3		.....	12.90
‡‡CharIFund Jan. 30	148.6	150.9	...	8.03
(Accum. Units)	193.8	196.8	...	8.03
Pens. Ex. Jan. 29	141.1	148.9	.....	5.95

CORAL INDEX: Close 467-472

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 11.75%
†Address shown under Insurance and Property Bond Table.

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Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	..	—	—
41	33	Do. 5pc Pref......	40	....	—	—
98	98	Chilean Mixed	98	.	—	13.10
22	6	Chinese 4½pc 1898	19½	+½	—	—
35	4½	Do. 5pc 1912	31	.	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	....	—	—
415	350	German Yng. 4½pc.	415	.	4½	—

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 48¼% (based on US$1.9814 per £)

Conversion factor 0.6729 (0.6798)

CANADIANS

S.E. List Premium 48¼% (based on $2.3772 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
199	157	Gerrard Natnl...	185	.....	g9.12	—	7.4	—
59	37	Gibbs (A.).......	47	+1	2.23	—	7.1	—
255	195	Gillett Bros. £1.	220	.....	15.41	—	10.5	—
29	19	Goode D't Mry.5p	19½	.....	0.13	—	1.0	—
142	96	Grindlays........	129	+1	2.79	7.1	3.2	4.6
130	93	Guinness Peat ..	119	+1	h5.15	—	6.5	—
217	155	Hambros	184	+1	†9.76	—	7.9	—
100	81	Hill Samuel	87	+5	†4.97	—	8.5	—
600	65	Do. Warrants..	65	....	—	—	—	—
360	203	Hong Shng.$2.50	300	+6	h059c	—	2.3	—
69	52	Jessel Toynbee .	63	.....	g3.65	—	8.6	—
215	150	Joseph (Leo) £1..	155	.....	8.74	—	8.4	—

BANKS & HP—Continued

Hire Purchase, etc.

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

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FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
157	64	Bougainville 50 Toea	157	+2	†Q8c	1.4	3.2
139	63	B H South 50c	139	+6	—	—	—
820	150	Central Pacific	450	......	—	—	—
336	148	Conzinc Riotinto 50c.	304	+8	‡Q10c	2.2	‡
32	19	*Cultus Pacific N.L.*	27	......	—	—	—
27	9½	Endeavour 20c	19	......	—	—	—
82	45	G.M. Kalgoorlie $1.	75	......	—	—	—
68	18	Haoma Gold N.L.	36	......	—	—	—
158	81	Hamptn Areas 5p.	152#	......	♦t3.55	2.0	3.5
40	10	*Metals Ex. 50c*	34	+2	—	—	—
267	125	M.I.M. Hldgs. 50c	267	+6	†Q9c	1.7	2.1
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	74	+9	—	—	—
56	12	Newmetal 20c	28	......	—	—	—
143	79	North B. Hill 50c	128	+3	Q8c	1.3	3.9
16½	8½	Nth. Kalgurli	14½	+½	—	—	—
50	12	Nth. West Mining	29	......	—	—	—
178	115	Oakbridge $A1	133	+3	Q12c	1.9	9.9
42	10	Otter N. L.	30	+3	—	—	—
100	30	Pacific Copper	100	+5	—	—	—
£15½	725	Pancont'l 25c	925	......	—	—	—
40	12	Paringa M&Ex.5p	22½	+2	—	—	—
570	310	Peko-Wallsend 50c	478	+4	Q15c	♦	1.9
300	50	Southern Pacific	175	−5	—	—	—
165	84	Westn. Mining 50c	165	+4	Q3c	0.7	1.1
100	35	Whim Creek 20c	60	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	25	......	2.81	1.3	16.8
435	240	Ayer Hitam $M1	425	......	Q300c	0.5	15.2
60	45	Beralt Tin	52	......	4.0	♦	11.5
305	190	Berjuntai $M1	265	+5	†Q110c	1.0	9.7
185	111	Geevor	145	......	H5.57	5.8	5.7
11	8½	Gold & Base 12½p	9	......	—	—	—
350	220	Gopeng Cons.	310xd	......	18.0	♦	0.7
320	130	Hongkong	300	......	12.5	♦	6.2
93	64	Idris 10p	68xd	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	76	......	†Q12.5c	2.1	3.5
255	133	Killinghall $M1	245	......	—	—	—
470	280	Malay Dredging $M1	440	......	Q175c	0.7	8.5
78	40	ΔPahang	57	+4	—	—	—
78	50	Pengkalen 10p	63xd	......	4.5	♦	10.7
270	165	Petaling $M1	225	+5	Q120c	♦	11.5
87	49	Saint Piran	77	......	†2.03	6.5	3.9
70	47	South Crofty 10p	56	......	†4.19	2.0	11.2
245	140	South Kinta $M0.50	190	......	†Q145c	0.6	16.4
370	230	Sthn Malayan $M1	365	......	Q190c	1.0	11.2
245	134	Sungei Besi $M1	245	+5	mQ65c	5.3	5.7
85	55	Supreme Corp. $M1	75	......	ZQ10c	—	2.9
103	84	Tanjong 15p	103	......	6.60	0.8	9.8
270	148	Tronoh $M1	250	+10	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	96	+3	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	69	+1	—	—	—
17	9	Burma Mines 17½p	12	......	—	—	—
300	165	Cons. Murch. 10c.	295	−5	—	—	—
465	245	Northgate C$1	400	......	—	—	—
280	164	R.T.Z.	280	+7	9.5	2.8	5.1
90	30	Sabina Inds. C$1.	48	+4	—	—	—
£12	687	Tara Exptn. $1	837	−38	—	—	—
217	120	Yukon Cons. C$1.	217	+2	Q7c	2.9	1.5

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¼	*Buffels R1*	$12½	......	Q190c	♦	17.5
$11¾	830c	East Drie R1	995c	+5	Q115c	♦	13.3
585c	330c	East Rand Prp. R1	415c	......	Q10c	—	—
$28¾	$16½	F.S. Geduld 50c	$22	−¼	Q315c	2.4	16.4
$15⅛	975c	Pres. Brand 50c	$12¼	−¼	Q150c	3.2	14.1
$13⅞	900c	*St. Helena R1*	$11⅞	......	Q190c	1.4	18.4
486c	313c	Stilfontein 50c	475c	−5	Q66c	2.3	16.0
$22⅛	$16¼	Vaal Reefs 50c	$20¼	......	Q280c	♦	15.9
$37	$25	West Drie R1	$30	−¼	†Q385c	1.7	14.8
$31¼	$19	West Hldgs. 50c	$27	−¼	Q415c	1.4	17.7
$23	895c	*Western Deep R2*	$11⅞xd	−⅛	Q147½c	2.4	14.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the *basis of net distribution*; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with *denominations other than sterling are quoted inclusive of the* investment dollar premium.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

"Recent Issues" and "Rights" Page 28

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	51	......
Ash Spinning	108	+1	Sheff. Refrshmt	70	......
Bertam	19½	+4½	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	325	+3	**IRISH**		
Clover Croft	28	......	Conv. 9% '80/82	£89	......
Craig & Rose £1	615	......	Alliance Gas	109	−1
Dyson (R. A.) A	35	......	Arnott	395	......
Ellis & McHdy	69	......	Carroll (P.J.)	85	......
Evered	26	−1	Clondalkin	98	......
Fife Forge	52	......	Concrete Prods.	145	+5
Finlay Pkg. 5p	21	......	Heiton (Hldgs.)	50	......
Graig Ship. £1	125	......	Ins. Corp.	160	......
Higsons Brew	70	......	*Irish Ropes*	105	......
Holt (Jos) 25p	252	......	Jacob	50	......
I.O.M. Stm. £1	250	+12	T.M.G.	187	+2
Pearce (C. H.)	200	......	Unidare	88	......
Peel Mills	24	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	40	Utd. Drapery	7½
B.S.R.	0	Inveresk	7	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	14		
Beecham	32	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¾
Bowaters	14	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	3½
British Oxygen	6	London Brick	6	Intereuropean	5
Brown (J.)	33	Lonrho	5	Land Secs.	16
Burton 'A'	16	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	12	Samuel Props.	9
Debenhams	11	Mrks. & Spncr	7	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	5	N.E.I.	12	**Oils**	
Eagle Star	18	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	8
Gen. Accident	17	P & O Dfd.	7	Charterhall	2½
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	16
Grand Met.	7½	Rank Org.	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	10	Spillers	3½	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	12
Hawker Siddl	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	£18		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday February 2 1979

Miners join the queue for more pay

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS yesterday joined the queue of public sector workers who, backed by their employers, are asking the Government directly to make more money available for wages this year.

Mr. Joe Gormley, president of the National Union of Mineworkers, said after a brief meeting with the National Coal Board yesterday that he would be seeking a meeting with the Prime Minister to put the case for a bigger subsidy to prevent miners' wages being kept "artificially low."

He said Coal Board officials might be accompanying the union for part of the argument.

Yesterday's decision, after a long meeting of the NUM executive to digest — the NCB's financial plight, means that in effect the miners negotiations, due for settlement on March 1, have fallen straight into the Government's lap even before the Coal Board has made an offer.

The Board told the NUM again that only £50m was available in reply to the miners' claim of £400m, excluding the cost of a shorter working week.

The £50m appears to depend on the Government approving the Coal Board's application for an increase in its operating subsidy from £124m this year to £250. But following Wednesday's tripartite talks, there is little hope in the industry that the Government will raise that sum.

Mr. Anthony Wedgwood Benn, Energy Secretary, has championed the coal industry and the case for giving the miners more than the pay policy would allow. As a result, he has fallen out with Treasury Ministers who insist that more cash for coal can only be provided at the expense of social services.

Of the £50m "kitty"—which the Board can scarcely withdraw whatever the Government decides—just over half is available for miners' earnings. The rest would go on other employment costs, and in wages for non-mining employees.

The Board has presented the union with six options of which only two—cutting costs or increasing productivity—it sees as realistic.

These are: to raise prices by more than the 9 per cent planned for April which would make the industry even more uncompetitive; to seek a subsidy of even more than £250m a year—for which statutory change would be necessary; to cut costs—which it says cannot be easily done without impairing efficiency or taking unacceptable safety risks; to cut the £500m a year investment programme, which would produce little cash in the short term; to go in for deficit financing, which it says is much the same as seeking bigger subventions; and to develop the bonus incentive scheme in order to produce more self-financing payments.

The union has been asked to come up with ideas for cost-cutting, but the obvious idea of closing some loss-making pits is not entirely popular with the Board because it could mean a surge of imports while new capacity is awaited.

Union and Coal Board negotiators will meet again on Tuesday, before a full meeting of the union's executive next Thursday. Mr. Gormley may see the Prime Minister before then, but, the formal delegation may not be sent until after the executive meeting.

EEC farm price conflict unlikely to be solved soon

BY JONATHAN CARR IN BONN

A SOLUTION to the agricultural problems delaying introduction of the European Monetary Sytem (EMS) is thought in Bonn to be increasingly unlikely before the next meeting of the European Council in Paris on March 12 and 13.

Government officials here recognise that, in presenting its farm price proposals in Brussels on Wednesday, the European Commission was seeking to find a balance between conflicting national interests.

But it is believed that the proposals — which include a freeze on all common farm prices and a timetable for phasing out monetary compensatory amounts (MCAs) — complicate an already intractable situation.

An early accord by the Agriculture Ministers alone on the basis of the proposals is ruled out here. Nor is much hope held out for prospects of success for a mammoth Council—perhaps including Foreign and Finance Ministers—such as the French have advocated.

France and West Germany may make progress on the key farm issue dividing them during their regular bilateral consultations, to be held at Aix en Provence later this month. But that alone will not remove the difficulties since other Community interests—not least those of the British—are involved too.

The feeling is that it may well be up to the heads of state and government in Paris next month to try to reach a compromise—permitting the EMS to start not long afterwards. Much greater delay could, it is felt, strengthen the hand of those who all along have been opposed to the EMS on ground which have nothing to do with farm problems.

It was the French demand in December for a timetable for phasing out MCA's in Community farm trade which caused postponement of the EMS, due to come into effect on January 1. Two uses of the MCAs is to compensate German farmers for the rise in value of the D-mark and to enable the British to keep food prices lower than they would otherwise be.

In a series of bilateral talks during the last few weeks the French and West Germans have come closer to agreement, but the Germans remain determined to accept no solution which would mean a drop in their farmers' incomes. Such a result would, it is believed, put Herr Josef Ertl, the Agriculture Minister, in an intolerable position, and possibly split the coalition Government.

The Germans would be prepared to see a cut in MCAs so long as farm prices were raised by a similar amount, but it is noted that the Commission's proposals exclude this. There are also some signs that Bonn might eventually be prepared to accept a farm price increase which did not fully cover the drop in MCAs, with the difference to be made up to German farmers from the Bonn Budget.

One way of doing this would be to restore to German farmers the benefits from Value Added Tax exemptions which they had a decade ago, but a further domestic problem is the growing criticism in West Germany that farmers already pay relatively too little tax.

Christopher Parkes writes: The farm price review package for 1979-80 will save the Community budget about £200m a year, Mr. David Williamson, deputy director general for agriculture at the EEC Commission, claimed in London yesterday.

The proposed tax on dairy farmers could also yield £450m this year to be ploughed back to help subsidise consumer prices of milk and milk products.

Net impact on the food price index in Britain, Mr. Williamson claimed, would be "negligible."

New proposals could also boost consumer subsidies on butter to 12p a pound. Ninepence of this would be paid from Community funds with the balance coming from the UK Treasury, he said.

The existing subsidy of 5p a pound, due to be phased out by April 1, is paid wholly from the farm fund budget.

British farmers reacted violently against the Commission plan for a tax on milk production.

"The great majority of our producers would be driven out of business in a very short time," said Mr. Steve Roberts, chairman of the Milk Marketing Board.

Farm price review, Page 27

Government refuses Kirkby co-operative request for £6m aid

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT decided finally yesterday not to give any more State aid to the loss-making Kirkby Manufacturing and Engineering workers' co-operative on Merseyside. During the last four years the co-op has received £5.7m in Government grants, but its leaders were told yesterday that its latest request for up to a further £6m in grants and loans had been rejected.

The decision came after the Prime Minister decided not to bother putting to a full Cabinet meeting a recommendation from his main Ministerial committee on industry that the £6m should be refused.

As a result, the committee's recommendation became Government policy and the decision was passed to Mr. Jack Spriggs, one of the co-operative's two convenor directors, at a meeting in London by Mr. Alan Williams, Minister of State for Industry.

Mr. Spriggs will report back to his 700-strong workforce and will meet Mr. Williams again on Monday.

The co-operative, created in 1974 by Mr. Anthony Wedgwood Benn when he was Industry Secretary, has been losing £20,000 a week recently. It is thought to need an immediate £2m to clear outstanding debts and fund 200 redundancies needed to start making the operation profitable.

It is now expected that the question of a receiver being put into the business will be considered. In the meantime, Merseyside and other Left-wing Labour MPs are expected to mount a campaign linking the plight of the co-op with the other redundancies declared on Merseyside recently by Dunlop and Plessey.

The co-op's main business is making Toyrad central heating radiators which have about 10 per cent of the UK radiator market. In order to prevent imports taking over, should the co-op close, other manufacturers are likely to consider whether to express an interest in the factory.

Last summer Stelrad, part of Metal Box, discussed a take-over with the Industry Department should a receiver have been called in at that stage. Since then, however, Stelrad has started a new £4m radiator production line in Sheffield and has a £6m development plan for a plant in Ramsgate. Myson is another company which has expressed informal interest in at least part of the co-op's business.

Semiconductor plant to open in Cheshire

BY JOHN LLOYD

GEC-FAIRCHILD, the semiconductor manufacturing company formed by the General Electric Company and the U.S. electronics company Fairchild, is to build a factory at Neston, in Cheshire, which will employ about 1,000 people.

The two founder companies will jointly invest £10m on the project. A further £7m will be made available by the Government, of which £4m to £5m will be regional development grants and £2m to £3m drawn from the £70m fund available under the Microelectronics Industry Support Programme, announced last July.

Mr. David Marriott, Fairchild vice-president who is managing director of GEC-Fairchild, said yesterday that build-up of production should begin by next year, and full production would be reached by mid-1981.

The company will specialise initially in the manufacture of advanced semiconductor memories of the 16K and 64K types. These chips contain, respectively, 16,000 and 64,000 "bytes" or units of memory.

Both memories and microprocessors will be produced largely to existing Fairchild designs.

Mr. Marriott said the Neston site was in a special development area, had good communications and was close to technical colleges and universities.

About 75 per cent of the workforce will be semi-skilled production workers, with the remaining 25 per cent engineers, designers and management.

The memory devices to be made at the plant are probably not in direct competition with those planned for manufacture by Inmos, the Government-backed semiconductor manufacturer which expects to begin UK production by 1982/83.

The Fairchild 64K memory is of the type known as a charge coupled device (CCD), which has a number of different applications from the metal oxide silicon (MOS) 64K memory which Inmos is thought to be developing.

Defence Ministry ready for talks on Iran contracts

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE Ministry of Defence is ready to hold immediate talks with the Iranian Government on the future of more than £1bn of defence contracts, involving about 20,000 workers in UK industry.

This is in response to the Iranian request earlier this week for discussions. But, so far, the Ministry has been unable to establish, when, where or even with whom talks will take place in the light of swiftly moving events in Iran.

As a result it is taking a pessimistic view and making contingency plans for, at worst, a possible suspension of work on the contracts and, at best, a considerable run-down in activity.

It will be holding talks with all the UK industrial companies involved, and is expected to make it clear that they would be wise to adopt a similar approach.

It was pointed out in Whitehall yesterday that so far, all the UK contracts with Iran—mainly involving Chieftain tanks, tracked Rapier missiles and warships—have been funded in advance and the payments up to the end of last month had been fully met. It remains to be seen, however, what happens this month.

The organisations primarily involved include the Royal Ordnance factories at Leeds and Nottingham, the former making the 1,350 Chieftain Shir One and Shir Iran tanks, worth over £600m, and employing over 3,000 workers, and the latter working on the 120mm gun.

Industrial companies involved on the tanks include Rolls-Royce Motors on the engines, David Brown Gear Industries on the transmission systems, Marconi Space and Defence Systems on the fire control system, Barr and Stroud on the laser gunsights, and Racal Electronics on the radio systems.

The £400m Tracked Rapier deal involves the British Aerospace Dynamics Group, while British Shipbuilders has outstanding contracts of over £70m with the Iranian Navy.

The Ministry of Defence is hopeful that, even if the Iranian contracts are either suspended or rundown, it might be possible to find some alternative outlets for some of the equipment involved.

Ian Hargreaves writes: British Shipbuilders was continuing to work normally on its Iranian contracts yesterday.

Yarrow (Shipbuilders) of Glasgow said it remained reasonably optimistic that the Iran Navy would not suspend a £58m order for four logistics support ships, which have a dual military and civil function.

Weather

MAINLY dry and bright in S. after sleet or snow: wintry showers in W. and N: cold.

London. S.E., Cent. S. England, S.W., Channel Isles
Brighter and mostly dry after sleet or snow. Max. 3-5C (37-41F).

E. Anglia, Midlands, E. and Cent. N. England
Mostly dry, sunny spells. Max 1-3C (34-37F).

Wales, Lakes, N.W. and N.E. England, I. of Man
Wintry showers. Bright intervals. Max. 0-3C (32-37F).

Scotland, Orkney, Shetland, N. Ireland
Wintry showers, longer periods of snow. Bright intervals. Max. 0-2C (32-36F).

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	Sl	2	36	Madrid	C	5	41
Bahrain	S	19	66	M'chstr.	R	5	41
Barclna.	F	12	54	Melbne.	S	33	91
Belfast	C	3	37	Mex. C.	S	20	68
Belgrd.	S	6	43	Milan	S	7	45
Berlin	C	3	37	M'ntreal	Sn	-9	16
Bmghm.	R	3	37	Munich	S	0	32
Bristol	R	9	48	Nwcstl	Sn	1	34
Brussels	C	3	37	N. York	S	-4	25
Budpst.	S	4	39	Oslo	Sn	-8	18
B. Aires	S	27	81	Paris	R	3	37
Cairo	S	20	68	Perth	C	23	73
Cardiff	R	7	45	Prague	S	-1	30
Chicago	S	-10	14	Reykjvk.	C	-6	21
Cologne	C	3	37	Rio J'o	C	25	77
Cpnhgn.	R	1	34	Rome	F	13	55
Dublin	R	3	37	Singapr.	S	29	84
Ednbgh.	F	1	34	Stckhm.	F	-7	19
Frankft.	F	1	34	Strasbg.	C	1	34
Geneva	C	-1	30	Sydney	S	27	81
Glasgow	S	1	34	Tehran	S	4	39
Helsinki	C	-6	21	Tel Aviv	F	17	63
H. Kong	C	10	50	Tokyo	C	13	55
Jo'burg	S	26	79	T'r'nto	Sn	-11	12
Lisbon	R	15	59	Vienna	S	6	43
London	R	6	43	Warsaw	Sn	-1	30
Luxmbg.	C	-1	30	Zurich	S	-3	27

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	Istanbul	C	6	43
Algiers	F	18	64	Jersey	C	8	46
Biarritz	R	10	50	L. Plms.	S	21	70
Blackp'l	R	3	37	Locarno	S	5	41
Bordx.	R	7	45	Majorca	C	13	55
Boulgn.	R	3	37	Malaga	C	14	57
Cas'b'ca	S	20	68	Malta	S	15	59
Cape T.	S	25	77	Nairobi	C	20	68
Corfu	S	14	57	Naples	S	11	52
Dbrvnk.	S	11	52	Nice	F	12	54
Faro	R	15	59	Oporto	R	12	54
Florence	C	5	41	Rhodes	C	15	59
Funchal	C	19	66	Salzb'rg	C	2	36
Gibrltr.	F	15	59	Tenerife	S	19	66
G'rnsey	C	8	46	Tunis	S	14	57
Innsbrk.	S	-1	30	Valencia	C	10	50
Invrnss.	S	0	32	Venice	F	4	39
I.o.Man	Sl	1	34				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Lloyd's broker in currency investigation

Financial Times Reporter

A LLOYD'S of London publicly quoted insurance broker, Christopher Moran Group, is being investigated over possible currency irregularities.

The Treasury has called in the City of London Police and their investigations have begun.

The office of the Director of Public Prosecutions said yesterday: "We received a letter in December from the Treasury which advised us that the Treasury was passing papers on their investigation into the Christopher Moran Group over to the City of London Police Fraud Squad." But the DPP's office added that it had not received any of the papers relating to the investigation, which is expected to last some time.

Nobody was available at Moran's yesterday afternoon to comment on the statement from the DPP's office.

Plessey seeks price rise to ease jobs loss

BY MAX WILKINSON

PLESSEY Telecommunications is seeking a 20 per cent price increase from the Post Office on current orders for Strowger electro-mechanical telephone exchanges. It wants to use the money to help cushion redundancies planned at its Edge Lane factory in Liverpool.

The increase would give Plessey an extra £4m a year against current losses of about £7m at the Edge Lane factory.

The company also wants to make 800 of the 4,200 employees redundant as part of its cost-cutting measures.

Most of the redundancies would be in the clerical part of the factory. Yesterday, the company circulated all its Edge Lane employees with details of a three-year plan for phasing out the production of Strowger equipment, and replacing it with manufacture of more modern TXE electronic exchanges.

One of the company's main efforts will be to search for new electro-mechanical products to help reduce the factory's overheads.

The new electronic exchanges which are replacing Strowger need only about a quarter of the workforce in their production.

Plessey says that it could have closed the factory completely and produced the electronic exchanges at other plants. But it wanted to produce a plan which would have minimum disruption at the Merseyside plant.

The Edge Lane factory is one of six Plessey plants making telephone switching equipment. It is the only one which now makes Strowger public exchanges. The others are making either electronic exchanges or the intermediate crossbar system mainly for private exchanges.

The Mersey job crisis, Page 6

THE LEX COLUMN

Upward pressure on gilt yields

The Bank of England held Minimum Lending Rate unchanged at 12½ per cent yesterday but there was very little in the behaviour of the gilt-edged and money markets to suggest that a higher MLR has been averted rather than postponed. As far as gilts are concerned, the only significant change in the news background over the last week has been that some wage settlements have been struck at even higher levels than had been feared.

The markets are becoming increasingly worried about the money supply figures, and not only those for the five weeks to mid-January, due to be published later this month, which are expected to be poor on a seasonally adjusted basis despite heavy tax-gathering.

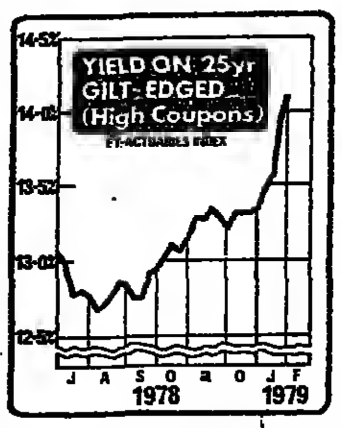
The fear now is that the February and March monetary aggregates will be inflated by high bank lending. As manufacturers seem to have run down production rather less than expected during the haulage strike and now have substantial finished stocks to finance. Three consecutive months would put the monetary growth target under strain just at the time when the Government's cash limits were coming under intense pressure from public sector wage demands.

What the market is hoping for is decisive fiscal action to keep a grip on the public sector deficit, but it is not expecting it to come very soon. The timing of any MLR rise is also in dispute: the authorities may be unwilling to fix a new interest rate level while expectations of what the average of wage settlements will turn out to be are still being adjusted upwards.

Some clue to the authorities' thinking might emerge from today's Treasury bill tender, at which the Bank has to decide whether to use its influence to keep the rate down or let it rise to over 12.5 per cent, back into line with the rest of the money market.

Last night the long tap stock, which was issued in mid-November to yield 13.17 per cent to redemption, offered a yield of 14.05 per cent. Net of accrued interest this stock has fallen over 5½ points in seven weeks. One immediate question is whether the January money supply figures, now being calculated by the authorities, will force the Government broker to test the market's appetite at an even lower level; assuming, that is, that monetary policy is the only straw the Government has to cling to.

Index rose 0.8 to 468.5



Trust Houses Forte

At 270p the share price of Trust Houses Forte reached a new all-time peak yesterday on profits near the top of the range of expectations. The pre-tax figure is up 46 per cent to £55.5m, and THF is in a position to raise its dividends in line with earnings — although because of a less favourable tax position than in 1976-77 the rise here is a slightly more modest 27½ per cent. To round off a buoyant picture the story yesterday was that profits after three months of the current year are well up on last time, and forward bookings are higher than this time a year ago.

With trading receipts up just 16 per cent in 1977-78, THF has clearly been raising its margins rather than achieving any great surge in business volume. The weakness of the dollar, however, will have deflated the impact of its growth in the U.S. (where in dollar terms growth in hotel trading profits was much greater than the 39 per cent shown in the sterling accounts). Hotel profits in the U.K. were up just over a quarter to £38m, despite a fall in average occupancy to 78 per cent from the Jubilee Year peak of 81 per cent. Cheap bulk business booked several years ago has been running off, and with a more selective approach THF has evidently been able to achieve a substantial rise in its average effective room rate.

Meanwhile the process of balance sheet improvement continues, and aided by property revaluations equity capital has improved from 47 per cent to 59 per cent of capital employed. Further reasonable profits progress should be on the cards in the current year, though it might not be wise to be too ambitious given that UK consumer spending could be a little less buoyant and THF's employees could demand a slightly larger slice of the cake at the time of the pay negotiations in May. With a yield of 6.1 per cent and a fully taxed p/e of 10½ the shares could be in for a quieter phase.

Going public

Companies will pay more to buy other companies than will the investing public. That is the moral of the extraordinary story of Caledonian Holdings, which has received a bid from London and Midland Industrials just one day after public dealings in its shares started for the first time. Stenhouse sold off all the shares in Caledonian to the public at 85p each, and netted around £6m for its trouble. LMI, which in no time at all has built up a shareholding of over 29 per cent, is now offering the equivalent of 92p per share for the rest. If this is successful, its cost before expenses will be around £7.5m.

LMI says that it has been interested for some time in buying this business. Unfortunately for the blushes of Noble Grossart, Stenhouse's bankers, it sems to have kept this enthusiasm to itself. The offer for sale price did not look to low: Caledonian is no growth stock. But for LMI, it would evidently have been a gift.

The Rolls-Royce receiver made more by selling the motor company off to the public than by offering it to a single bidder. But that was in 1973—and anyway Rolls-Royce Motors may have a touch more glamour than Caledonian Holdings. If this example is anything to go by, it is no wonder that so few new companies are finding their way to the stock market.

English Property

English Property Corporation has until lunchtime today to respond to proposals from Eagle Star which may lead to a cash offer. But what is really required from EPC is an adequate response to the bid which is already on the table, from the Dutch group Wereldhave. This closes on Monday, and although the Takeover Code requires that shareholders should be given all the facts and time they need to form a proper judgement, there has been no sign yet of EPC's promised revaluation.

Moscow visit

THE DUKE of Edinburgh is to visit Moscow for a week at the invitation of the 1980 Olympic Organising Committee from March 5. The Duke is president of the International Equestrian Federation and his visit is concerned with equestrian and Olympic matters.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.